Interim Report

Three-month and nine-month periods ended August 31, 2009

3

Richelieu

Message to Shareholders

For our third quarter, we recorded net earnings of $8.9 million or $0.40 per share on sales of $109.4 million and cash flows from operating activities of $26.8 million, ending the period with working capital of $147.4 million for an excellent current ratio of 4.6:1, a cash balance of $37.0 million and very low debt of $0.6 million. We are pleased with these results, which were achieved even though the business context was somewhat more difficult for our activities in the manufacturers market, especially in the United States, Central and Western Canada. Conversely, we recorded a solid performance in Eastern Canada, in our two major markets – manufacturers and retailers. It should also be noted that the retailers and renovation superstores market, which accounted for 20% of the quarter's sales, registered significant growth across our Canadian network. These third-quarter operating results further strengthened our already excellent financial position and our ability to take advantage of growth opportunities in North America.

Despite the more challenging environment, we continued to increase our market share during the period. Several new customers have been recruited every month since the beginning of the year, which bodes well for our future growth once the economy further recovers. Our quality of service, the quality and unique diversity of our product offering, the selling tools we provide for our customers and our ever-available inventories remain our best differentiating assets in the current context. During the third quarter, our customers benefited from new modules when placing their orders for drawers and Cedan veneer sheets at www.richelieu.com along with new functional and decorative hardware selling tools.

We were able to maintain satisfactory profit margins by making concerted efforts to control expenses in accordance with the action plan we adopted at the beginning of the fiscal year. From the same perspective, we continue to maximize the use of our assets and, during the quarter, we transferred the operations of one of our New York warehouses to our Detroit distribution centre, allowing us to lower our costs and achieve efficiency gains.

As we had already announced, we opened two new distribution centres in Louisville (Kentucky, U.S.) and Cincinnati (Ohio, U.S.) at the beginning of the quarter, and we remain on the lookout for acquisitions in order to develop synergies and cross-selling throughout our North American network. We are confident we will end the year with satisfactory results and a good financial position.

Next dividend payment

At its meeting on October 1, 2009, the Board of Directors approved the payment of a quarterly dividend of $0.08 per share. This dividend is payable on October 29, 2009 to shareholders of record as at October 15, 2009.

Management's Discussion and Analysis
of Operating Results and Financial Position for the Third Quarter and First Nine Months Ended August 31, 2009

This management's report relates to Richelieu's consolidated operating results and cash flows for the third quarter and first nine months ended August 31, 2009 in comparison with the third quarter and first nine months ended August 31, 2008, as well as its financial position at those dates. This report should be read in conjunction with the unaudited consolidated financial statements and accompanying notes for the third quarter and first nine months of 2009 as well as the analysis and notes to the audited consolidated financial statements for the year ended November 30, 2008 appearing in the 2008 Annual Report. In this management's report, "Richelieu" or the "Company" designates, as the case may be, Richelieu Hardware Ltd. and its subsidiaries and divisions, or one of its subsidiaries or divisions. Supplementary information, including certificates for the interim period ended August 31, 2009, signed by the Company's President and Chief Executive Officer and Vice-President and Chief Financial Officer, is available on SEDAR's website at www.sedar.com.

The information contained in this management's report accounts for any major event occurring prior to October 1, 2009, on which date the unaudited consolidated financial statements and the management's report were approved by the Company's Board of Directors. Unless otherwise indicated, the financial information presented below, including tabular amounts, is expressed in Canadian dollars and prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The interim consolidated financial statements have not been audited or reviewed by the Company's auditors.

Richelieu uses earnings before income taxes, interest, amortization and non-controlling interest ("EBITDA") because this measure enables management to assess the Company's operational performance. This measure is a widely accepted financial indicator of a company's ability to service and incur debt. However, EBITDA should not be considered by an investor as an alternative to operating income or net earnings, an indicator of operating performance or cash flows, or as a measure of liquidity. Because EBITDA is not a standardized measurement as prescribed by GAAP, it may not be comparable to the EBITDA of other companies.

FORWARD-LOOKING STATEMENTS

Certain statements set forth in this management's report, including statements relating to the expected sufficiency of cash flows to cover contractual commitments, growth outlook, Richelieu's competitive position in its industry, Richelieu's ability to face the current economic climate and other statements not pertaining to past events, constitute forward-looking statements. In some cases, these statements are identified by the use of terms such as "may", "could", "might", "intend" "should", "expect", "project", "plan", "believe", "estimate" or the negative form of these expressions or other comparable variants. These statements are based on the information available at the time they are written, on assumptions made by management and on the expectations of management, acting in good faith, regarding future events, including economic conditions, exchange rate fluctuations, changes in operating expenses, the sufficiency of the Company's deliveries, the absence of unusual events requiring supplementary capital expenditures, the availability of credit and favourable market conditions for the completion of acquisitions.

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 2008 Annual Report (see the "Risk Management" section on page 29 of the 2008 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 August 31, 2009

Richelieu Hardware Ltd. is a leading North American importer, distributor and manufacturer of specialty hardware and related products.

Its products are targeted to an extensive customer base of **kitchen and bathroom cabinet, furniture, and window and door manufacturers plus the residential and commercial woodworking industry**, as well as a large customer base of **hardware retailers, including renovation superstores**. The residential and commercial renovation industry is the Company's major source of growth.

Richelieu offers customers a broad mix of products sourced from manufacturers worldwide. The solid relationships Richelieu has built with the world's leading suppliers enable it provide customers with the latest innovative products tailored to their business needs. The Company's product selection consists of **more than 60,000 stock-keeping units (SKUs)** targeted to a base of **over 40,000 customers** who are served by **48 centres in North America** – 29 distribution centres across Canada, 17 in the United States and two manufacturing plants in Canada.

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

The Company employs more than 1,200 people at its head office and throughout the network, close to half of whom work in marketing, sales and customer service. More than 60% of its employees are Richelieu shareholders.

MISSION AND STRATEGY

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

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

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

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

SELECTED CONSOLIDATED QUARTERLY INFORMATION (Unaudited)

Periods ended August 31,

(in thousands of $, except per-share amounts, ratio and number of outstanding shares)	3 months			9 months		
	2009 $	2008 $	Δ%	**2009 $**	2008 $	Δ%
Sales	**109,434**	111,799	- 2.1	**313,669**	322,726	- 2.8
EBITDA	**14,851**	15,811	- 6.1	**35,234**	41,359	- 14.8
EBITDA margin (%	***13.6***	*14.1*		***11.2***	*12.8*	
Net earnings	**8,870**	9,639	- 8.0	**20,524**	25,367	- 19.1
• basic per share	**0.40**	0.42	- 4.8	**0.93**	1.11	- 16.2
• diluted per share	**0.40**	0.42	- 4.8	**0.93**	1.11	- 16.2
Cash flows*	**10,885**	11,427	- 4.7	**26,435**	30,273	- 12.7
• per share	**0.50**	0.50	–	**1.20**	1.32	- 9.1
Cash dividends paid on shares	**1,758**	1,824	- 3.6	**5,274**	5,496	- 4.0
• per share	**0.08**	0.08	–	**0.24**	0.24	–
Weighted average number of shares outstanding (diluted) (in thousands)	**22,034**	22,782		**22,019**	22,951	

Balance sheet data

As at August 31	**2009**	2008	Δ%
Total assets	**285,161**	275,272	+ 3.6
Working capital	**147,426**	130,453	+ 13.0
Shareholders' equity	**237,957**	222,882	+ 6.8
Return on average equity (%)	**13.3**	16.6	
Book value ($)	**10.84**	9.85	+ 10.1
Total interest-bearing debt	**551**	7,338	- 92.5
Cash and cash equivalents	**37,000**	13,299	+178.2

* Cash flows from operating activities before net change in non-cash working capital balances related to operations

OPERATING RESULTS FOR THE THIRD QUARTER AND FIRST NINE MONTHS ENDED AUGUST 31, 2009 COMPARED WITH THE THIRD QUARTER AND FIRST NINE MONTHS ENDED AUGUST 31, 2008

Third-quarter consolidated sales totalled $109.4 million, down by $2.4 million or 2.1% from the third quarter of 2008, considering a 2.5% internal decrease and a 0.4% growth from the July 2008 acquisition of Acroma Sales Ltd. ("Acroma"). This decline primarily reflects a reduction in residential and commercial renovation spending, especially in the United States, Central and Western Canada as economic conditions remained challenging during the period.

Sales to **manufacturers** amounted to $87.5 million, down by $4.5 million or 4.9% from the same quarter of 2008. Conversely, sales to hardware **retailers** and renovation superstores, recorded primarily in Canada, grew to $21.9 million, up by 11.0% over the corresponding quarter of the previous fiscal year.

In Canada, sales amounted to $93.0 million, up by $1.1 million or 1.2% over the third quarter of 2008, reflecting a 0.7% internal growth plus a 0.5% growth from the acquisition of Acroma. This improvement came mainly from the Eastern Canadian market which contributed some 44% of third-quarter consolidated sales. Canadian sales represented 85.0% of the period's consolidated sales. **In the United States**, Richelieu recorded sales of US$14.7 million, a decrease of US$4.6 million or 23.8%. Expressed in Canadian dollars, U.S. sales totalled $16.4 million, down by 17.5% from $19.9 million for the corresponding quarter of 2008. They accounted for 15.0% of third-quarter consolidated sales.

SALES

Periods ended August 31 *(in thousands of $, except exchange rate)*	3 months			9 months		
	2009 $	2008 $	Δ%	**2009 $**	2008 $	Δ%
Canada	**93,037**	91,932	+ 1.2	**261,027**	266,524	- 2.1
United States (CA$)	**16,397**	19,867	- 17.5	**52,642**	56,202	- 6.3
(US$)	**14,736**	19,337	-23.8	**44,328**	55,490	- 20.1
Average exchange rate	***1.1127***	*1.0274*		***1.1876***	*1.0128*	
Consolidated sales	**109,434**	111,799	- 2.1	**313,669**	322,726	- 2.8

For the first nine months of the year, consolidated sales declined by $9.1 million or 2.8% to $313.7 million, considering a 3.5% internal decrease and a 0.7% growth from the contribution of Top Supplies, Inc. ("Top Supplies") and Acroma.

Sales to **manufacturers** totalled $254.5 million, down by 4.1% from the first nine months of the previous fiscal year. Sales to hardware **retailers** and renovation superstores stood at $59.1 million, up by 3.4% over the first nine months of the previous fiscal year.

In Canada, Richelieu posted sales of $261.0 million, down by 2.1% from the first nine months of 2008, reflecting a 2.7% internal decrease and a 0.7% growth from the contribution of Acroma. This decline was attributable to the Central and Western Canadian markets, whereas a slight increase of 1.8% was recorded in the Eastern Canadian market. Canadian sales represented 83.2% of consolidated sales for the first nine months. **In the United States**, sales amounted to US$44.3 million, down by US$11.2 million or 20.1% – the growth from the acquisition of Top Supplies was 0.9%, whereas the internal decrease was 21.0% for the first nine months of fiscal the year. Expressed in Canadian dollars, U.S. sales totalled $52.6 million, down by 6.3% from the first nine months of 2008. They accounted for 16.8% of consolidated sales for the first nine months.

CONSOLIDATED EBITDA AND PROFIT MARGINS

Periods ended August 31 *(in thousands of $)*	3 months			9 months		
	2009 $	2008 $	Δ%	**2009 $**	2008 $	Δ%
Sales	**109,434**	111,799	- 2.1	**313,669**	322,726	- 2.8
EBITDA	**14,851**	15,811	- 6.1	**35,234**	41,359	- 14.8
EBITDA margin (%)	***13.6***	*14.1*		***11.2***	*12.8*	

Third-quarter earnings before income taxes, interest, amortization and non-controlling interest (EBITDA) stood at $14.9 million, down by 6.1% from the corresponding quarter of 2008. The gross profit margin remained fairly comparable to the corresponding period of the previous fiscal year, primarily because Richelieu was able to maintain its selling prices during the period. If not for the fact that a foreign exchange loss (foreign exchange gain during the same period of 2008) caused by the increase in the Canadian dollar compared to the US dollar was incurred on a debt of the U.S. subsidiary denominated in Canadian dollars toward the parent company, third-quarter EBITDA would have been relatively equivalent to the same period of last year thanks notably to expense control measures introduced at the beginning of the fiscal year. Considering these factors and the sales decrease, the EBITDA profit margin slipped to 13.6% from 14.1% in the third quarter of 2008.

Amortization of capital assets increased by $0.2 million, due primarily to the expansion in 2008, whereas amortization of intangible assets was stable compared with the corresponding period, at approximately $0.3 million.

Income taxes decreased by $0.5 million to $4.3 million, due to the lower earnings and the gradual reduction in the Canadian tax rate effective January 1, 2008.

For the first nine months of the year, earnings before income taxes, interest, amortization and non-controlling interest (EBITDA) totalled $35.2 million, down by 14.8% from the first nine months of the previous fiscal year. The gross profit margin was affected by the market penetration costs incurred in the first quarter to increase Richelieu's offering and presence in the retailers market including renovation superstores and the second-quarter increase in supply costs – this increase was caused by the weak Canadian dollar in relation to the U.S. dollar in the first quarter and the fact that selling prices could not be adjusted accordingly because of the sudden strengthening of the Canadian dollar in the second quarter. Considering the sales decrease, the decline in the gross profit margin and the factors mentioned for the third quarter, the EBITDA profit margin slipped to 11.2% from 12.8% for the first nine months of 2008.

Amortization of capital assets increased by $0.8 million, due primarily to the expansion in 2008, whereas amortization of intangible assets was relatively stable compared with the first nine months of 2008, at approximately $0.8 million.

Income taxes decreased by $2.1 million to $9.8 million, due to the lower earnings and the gradual reduction in the Canadian tax rate effective January 1, 2008.

CONSOLIDATED NET EARNINGS

Periods ended August 31 (in thousands of $)	3 months 2009 $	2008 $	Δ%	9 months 2009 $	2008 $	Δ%
EBITDA	**14,851**	15,811	- 6.1	**35,234**	41,359	- 14.8
Amortization of capital and intangible assets	**1,609**	1,368	+ 17.6	**4,829**	3,908	+23.6
Interest	**(17)**	(19)		**(64)**	106	
Income taxes	**4,272**	4,728		**9,762**	11,821	
Non-controlling interest	**117**	95		**183**	157	
Net earnings	**8,870**	9,639	- 8.0	**20,524**	25,367	- 19.1
Net profit margin (%)	***8.1***	*8.6*		***6.5***	*7.9*	
Comprehensive income (loss)	**9,016**	12,099		**14,383**	27,592	

In the third quarter, Richelieu posted **net earnings** of $8.9 million, down by 8.0% from the same period of 2008. The net profit margin as a percentage of consolidated sales worked out to 8.1%. **Earnings per share** amounted to $0.40 (basic and diluted), a decrease of 4.8%.

Comprehensive income amounted to $9.0 million, on account of a positive adjustment of $0.1 million on translation of the financial statements of the self-sustaining subsidiary in the United States.

For the first nine months of the year, net earnings totalled $20.5 million, down by 19.1% from the same period of 2008, and the net profit margin stood at 6.5% of consolidated sales. **Earnings per share** amounted to $0.93 (basic and diluted), a decrease of 16.2%.

Comprehensive income amounted to $14.4 million, on account of a negative adjustment of $6.1 million on translation of the financial statements of the self-sustaining subsidiary in the United States.

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

Quarters	1	2	3	4
2009				
Sales	**94,152**	**110,083**	**109,434**	
EBITDA	**8,047**	**12,336**	**14,851**	
Net earnings	**4,348**	**7,306**	**8,870**	
basic per share	**0.20**	**0.33**	**0.40**	
diluted per share	**0.20**	**0.33**	**0.40**	
2008				
Sales	96,082	114,845	111,799	118,702
EBITDA	10,569	14,980	15,811	16,889
Net earnings	6,628	9,100	9,639	10,240
basic per share	0.29	0.40	0.42	0.46
diluted per share	0.29	0.40	0.42	0.46
2007				
Sales	94,509	116,331	111,921	113,396
EBITDA	10,470	14,784	15,514	16,333
Net earnings	5,973	8,651	9,110	10,220
basic per share	0.26	0.37	0.39	0.44
diluted per share	0.26	0.37	0.39	0.44

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

FINANCIAL POSITION

Analysis of principal cash flows for the third quarter and first nine months ended August 31, 2009

CHANGE IN PRINCIPAL CASH FLOWS AND CAPITAL RESOURCES

Periods ended August 31 (in thousands of $)	3 months 2009 $	2008 $	9 months 2009 $	2008 $
Cash flows provided by (used for):				
Operating activities	**26,786**	14,587	**38,720**	26,653
Financing activities	**(1,758)**	(4,964)	**(5,370)**	(14,802)
Investing activities	**(673)**	(2,834)	**(2,445)**	(6,325)
Effect of exchange rate fluctuations	**(8)**	101	**(31)**	(106)
Net change in cash and cash equivalents	**24,347**	6,890	**30,874**	5,420
Cash and cash equivalents, beginning of period	**12,653**	6,409	**6,126**	7,879
Cash and cash equivalents, end of period	**37,000**	13,299	**37,000**	13,299
Working capital	**147,426**	130,453	**147,426**	130,453
Renewable line of credit	**26,000**	26,000	**26,000**	26,000

Operating activities

Third quarter operating activities provided cash flows (before net change in non-cash working capital balances related to operations) of $10.9 million or $0.50 per share, compared with $11.4 million or $0.50 per share for the third quarter of 2008, mainly reflecting the decline in net earnings. Net change in non-cash working capital balances related to operations represented a cash inflow of $15.9 million, compared with $3.2 million for the third quarter of 2008. Accounts payable and income taxes generated cash flows of $8.0 million and $3.0 million respectively, and cash flows of $2.1 million and $2.5 million were generated by inventories and accounts receivable. Consequently, operating activities provided cash flows of $26.8 million, up from $14.6 million for the third quarter of 2008.

For the first nine months of the year, operating activities provided cash flows (before net change in non-cash working capital balances related to operations) of $26.4 million or $1.20 per share, compared with $30.3 million or $1.32 per share for the first nine months of 2008, mainly reflecting the decline in net earnings. Net change in non-cash working capital balances related to operations represented a cash inflow of $12.3 million, as opposed to a cash outflow of $3.6 million for the corresponding period of the previous fiscal year. This change came primarily from the decrease in inventories and accounts receivable and the increase in accounts payable. Consequently, operating activities provided cash flows of $38.7 million, up from $26.6 million for the corresponding period of 2008.

Financing activities

Third-quarter financing activities used cash flows of $1.8 million, compared with $5.0 million for the third quarter of 2008. The Company paid $1.8 million in shareholder dividends, relatively equivalent to the amount paid during the third quarter of the previous fiscal year, and purchased no common shares for cancellation, whereas it had purchased shares for $3.2 million in the third quarter of 2008.

For the first nine months of the year, financing activities used cash flows of $5.4 million, compared with $14.8 million for the same period of 2008. The Company paid $5.3 million in shareholder dividends, relatively equivalent to the amount paid during the first nine months of the previous fiscal year, and purchased common shares for cancellation for about $0.1 million, compared with a $9.3 million share purchase in the first nine months of 2008.

Investing activities

In the third quarter, Richelieu invested $0.7 million in warehouse equipment, the design and manufacture of new displays targeted to the retailers market and computer equipment, down from $2.8 million in the third quarter of the previous year when the Company had also invested in the relocation and merger of two major distribution centres and the acquisition of the principal assets of Acroma.

In the first nine months of the year, Richelieu invested $2.4 million, primarily in displays targeted to renovation superstores, computer equipment and rolling stock for warehouses.

Sources of financing

As at August 31, 2009, **cash and cash equivalents** totalled $37.0 million, up from $13.3 million for the corresponding period of 2008. The Company posted an excellent **working capital** of $147.4 million for a current ratio of 4.6:1, compared with $130.9 million and a 4.3:1 ratio as at November 30, 2008.

Richelieu estimates that it has the capital resources needed to respect its ongoing obligations and to assume the funding requirements needed for its growth and planned financing and investing activities. Furthermore, the Company has an authorized line of credit of $26.0 million, renewable annually and bearing interest at the bank's prime rate, and could readily obtain access to other outside financing if necessary.

The expectation set forth above consists of forward-looking information based on the assumption that economic conditions and exchange rates will not deteriorate significantly, operating expenses will not increase considerably, deliveries will be sufficient to fulfill Richelieu's requirements, the availability of credit will remain stable in the second half of the year, no unusual events will entail additional capital expenditures and market conditions will be favourable to the completion of acquisitions. This expectation also remains subject to the risks identified under "Risk Management" on page 29 of the Company's 2008 Annual Report, available on SEDAR at www.sedar.com.

Balance sheet analysis

SUMMARY BALANCE SHEET

As at August 31 *(in thousands of $)*	**2009** **$**	2008 $
Current assets	**188,803**	178,059
Long-term assets	**96,358**	97,213
Total	**285,161**	275,272
Current liabilities	**41,377**	47,606
Long-term liabilities	**5,827**	4,784
Shareholders' equity	**237,957**	222,882
Total	**285,161**	275,272

Assets

Total assets amounted to $285.2 million as at August 31, 2009, up by 3.6% over August 31, 2008. Current assets grew by $10.7 million, reflecting the increase of $23.7 million in cash and cash equivalents and of $0.8 million in income taxes, whereas accounts receivable and inventories decreased by $2.5 million and $10.7 million respectively.

NET CASH

As at August 31 *(in thousands of $)*	**2009** **$**	2008 $
Bank indebtedness	**–**	–
Current portion of long-term debt	**223**	7,019
Long-term debt	**328**	319
Total	**551**	7,338
less cash and cash equivalents	***(37,000)***	*(13,299)*
Total cash net of debt	**36,449**	5,961

Richelieu has virtually eliminated its interest-bearing debt over the past 12 months, lowering it from $7.3 million as at August 31, 2008 to less than $0.6 million as at August 31, 2009. Deducting cash and cash equivalents, the Company had **cash net of debt** of $36.4 million as at August 31, 2009. With almost no debt and substantial cash flows generated every quarter, Richelieu remains in solid financial health to pursue its business strategy.

Shareholders' equity totalled $238.0 million as at August 31, 2009, up by 6.8% over a year earlier, reflecting the $13.3 million increase in retained earnings which amounted to $219.8 million as at August 31, 2009, and the $0.9 million increase in contributed surplus, less accumulated comprehensive income of $2.6 million. **The book value per share** was $10.84 as at August 31, 2009, compared with $9.85 as at August 31, 2008.

Richelieu's **capital stock** consisted of 21,972,409 common shares as at August 31, 2009 (21,976,409 common shares as at November 30, 2008). During the first nine months of the current fiscal year, the Company did not issue any common shares (28,700 shares had been issued at a weighted average price of $6.57 per share in 2008) pursuant to the exercise of options under the share option plan. In addition, in the first nine months ended August 31, 2009, through a normal course issuer bid, the Company purchased for cancellation 4,000 common shares for a cash consideration of $60,000.

As at August 31, 2009, 946,050 share options were outstanding (768,300 share options as at August 31, 2008), subsequent to the grant of 153,000 share options during the first nine months of 2009 (170,000 share options had been granted in the first nine months of 2008).

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 26 of the Company's 2008 Annual Report. For 2009 and the foreseeable future, the Company expects cash flows from operating activities and other sources of financing to meet its ongoing contractual commitments.

The expectation set forth above consists of forward-looking information based on the assumption that economic conditions and exchange rates will not deteriorate significantly, operating expenses will not increase considerably, deliveries will be sufficient to fulfill Richelieu's requirements, credit availability will remain stable during the second half, no unusual events will entail additional capital expenditures and market conditions will be favourable to the completion of acquisitions. This expectation also remains subject to the risks identified under "Risk Management" on page 29 of the Company's 2008 Annual Report, available on SEDAR at.sedar.com.

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.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Significant accounting policies and estimates are described on pages 27 to 29 of the Company's 2008 Annual Report available on SEDAR at www.sedar.com. Changes in accounting policies for the current year are described in note 2 and note 9 respectively of the notes to the unaudited consolidated financial statements for the third quarter and first nine months ended August 31, 2009.

In February 2008, the CICA's Accounting Standard Board confirmed that publicly accountable enterprises must adopt the International Financial Reporting Standards (IFRS) for the fiscal years beginning on or after January 1, 2011. The Company will have to presents its interim and annual financial statements for the fiscal year ending November 30, 2012 in accordance with IFRS. The Company's plan to convert to IFRS, which will apply to the fiscal year beginning on December 1, 2011, is presently being drawn up. This plan will notably take into account the major differences between the current standards and IFRS, their expected impact on the information systems, the staff training needs and the resources required to pursue this conversion.

INTERNAL CONTROL OVER FINANCIAL REPORTING

During the first nine months ended August 31, 2009, there were no changes in the Company's procedures that had or could have a material impact on its internal control over financial reporting.

RISK FACTORS

Risk factors are described in the "Risk Management" section on page 29 of Richelieu's 2008 Annual Report, available on SEDAR at www.sedar.com.

GROWTH OUTLOOK

Richelieu is pursuing its internal growth strategy by focusing on market development, further innovations, synergies and cross-selling, while looking at acquisition opportunities in North America that could be concluded by the end of the current fiscal year. Management is also maintaining the preventative measures implemented at the beginning of the year to mitigate the effects of the economic crisis and is confident the Company will end the year with satisfactory results and a good financial position.

The expectation set forth above consists of forward-looking information based on the assumption that economic conditions and exchange rates will not deteriorate significantly, operating expenses will not increase considerably, deliveries will be sufficient to fulfill Richelieu's requirements, credit availability will remain stable during the second half, no unusual events will entail additional capital expenditures and market conditions will be favourable to the completion of acquisitions. This expectation also remains subject to the risks identified under "Risk Management" on page 29 of the Company's 2008 Annual Report, available on SEDAR at www.sedar.com.

SUPPLEMENTARY INFORMATION

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

(Signed) Richard Lord

President and Chief
Executive Officer

(Signed) Alain Giasson

Vice-President and
Chief Financial Officer

October 1, 2009

Consolidated statements of earnings (unaudited)

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

	For the three months ended August 31,		For the nine months ended August 31,	
	2009 $	2008 $	**2009 $**	2008 $
Sales	**109,434**	111,799	**313,669**	322,726
Cost of sales, warehouse, selling and administrative expenses	**94,583**	95,988	**278,435**	281,367
Earnings before the following	**14,851**	15,811	**35,234**	41,359
Amortization of capital assets	**1,350**	1,124	**4,026**	3,182
Amortization of intangible assets	**259**	244	**803**	726
Interest, net	**(17)**	(19)	**(64)**	106
	1,592	1,349	**4,765**	4,014
Earnings before income taxes and non-controlling interest	**13,259**	14,462	**30,469**	37,345
Income taxes	**4,272**	4,728	**9,762**	11,821
Earnings before non-controlling interest	**8,987**	9,734	**20,707**	25,524
Non-controlling interest	**117**	95	**183**	157
Net earnings	**8,870**	9,639	**20,524**	25,367
Earnings per share *(Note 4)*				
Basic	**0.40**	0.42	**0.93**	1.11
Diluted	**0.40**	0.42	**0.93**	1.11

See accompanying notes.

Consolidated statements of retained earnings (unaudited)

(in thousands of dollars)

	For the three months ended August 31,		For the nine months ended August 31,	
	2009 $	2008 $	**2009 $**	2008 $
Retained earnings, beginning of period	**212,672**	201,682	**204,591**	195,511
Net earnings	**8,870**	9,639	**20,524**	25,367
Dividends	**(1,758)**	(1,824)	**(5,274)**	(5,496)
Premium on redemption of common shares for cancellation *(Note 3)*	**–**	(3,024)	**(57)**	(8,909)
Retained earnins end of period	**219,784**	206,473	**219,784**	206,473

See accompanying notes.

Consolidated statements of comprehensive income (unaudited)

(in thousands of dollars)

	For the three months ended August 31,		For the nine months ended August 31,	
	2009 $	2008 $	**2009 $**	2008 $
Net earnings	**8,870**	9,639	**20,524**	25,367
Other comprehensive income:				
Change in fair value of derivatives designated as cash flow hedges, net of income taxes	**–**	162	**–**	192
Translation adjustment of the net investment in self-sustaining foreign operation	**146**	2,298	**(6,141)**	2,033
	146	2,460	**(6,141)**	2,225
Comprehensive income	**9,016**	12,099	**14,383**	25,592

See accompanying notes.

Consolidated statements of cash flows (unaudited)

(in thousands of dollars)

	For the three months ended August 31,		For the nine months ended August 31,	
	2009	2008	**2009**	2008
	$	$	**$**	$
OPERATING ACTIVITIES				
Net earnings	**8,870**	9,639	**20,524**	25,367
Non-cash items				
Amortization of capital assets	**1,350**	1,124	**4,026**	3,182
Amortization of intangible assets	**259**	244	**803**	726
Future income taxes	**76**	59	**226**	50
Non-controlling interest	**117**	95	**183**	157
Stock-based compensation expense	**213**	266	**673**	791
	10,885	11,427	**26,435**	30,273
Net change in non-cash working capital	**15,901**	3,160	**12,285**	(3,620)
	26,786	14,587	**38,720**	26,653
FINANCING ACTIVITIES				
Repayment of long-term debt	**–**	–	**(36)**	(206)
Dividends paid	**(1,758)**	(1,824)	**(5,274)**	(5,496)
Issue of common shares	**–**	12	**–**	189
Redemption of common shares for cancellation	**–**	(3,152)	**(60)**	(9,289)
	(1,758)	(4,964)	**(5,370)**	(14,802)
INVESTING ACTIVITIES				
Business acquisitions	**–**	(808)	**–**	(1,050)
Additions to capital assets	**(673)**	(2,026)	**(2,445)**	(5,275)
	(673)	(2,834)	**(2,445)**	(6,325)
Effect of exchange rate fluctuations on cash and cash equivalents	**(8)**	101	**(31)**	(106)
Net change in cash and cash equivalents	**24,347**	6,890	**30,874**	5,420
Cash and cash equivalents, beginning of period	**12,653**	6,409	**6,126**	7,879
Cash and cash equivalents, end of period	**37,000**	13,299	**37,000**	13,299
Supplemental information:				
Income taxes paid	**2,232**	4,071	**11,945**	13,271
Interest paid (received)	**(18)**	1	**(105)**	144

See accompanying notes.

Consolidated balance sheets (unaudited)

(in thousands of dollars)

	As at August 31, 2009 $	As at August 31, 2008 $	As at November 30, 2008 $ (audited)
ASSETS			
Current assets			
Cash and cash equivalents	**37,000**	13,299	6,126
Accounts receivable	**54,716**	57,263	60,236
Income taxes receivable	**1,134**	370	–
Inventories	**95,153**	105,869	102,963
Prepaid expenses	**800**	1,258	1,273
	188,803	178,059	170,598
Capital assets	**21,035**	21,979	22,801
Intangible assets	**12,344**	13,145	14,313
Goodwill	**62,979**	62,089	65,772
	285,161	275,272	273,484
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	**41,154**	40,587	38,774
Income taxes payable	**–**	–	681
Current portion of long term debt	**223**	7,019	278
	41,377	47,606	39,733
Long-term debt	**328**	319	371
Future income taxes	**2,478**	1,800	2,308
Non-controlling interest	**3,021**	2,665	2,838
	47,204	52,390	45,250
Shareholders' equity			
Capital stock *(Note 3)*	**17,102**	17,608	17,105
Contributed surplus *(Note 3)*	**3,711**	2,773	3,037
Retained earnings	**219,784**	206,473	204,591
Accumulated other comprehensive income *(Note 5)*	**(2,640)**	(3,972)	3,501
	237,957	222,882	228,234
	285,161	275,272	273,484

See accompanying notes.

Notes to interim consolidated financial statements

August 31, 2009 and 2008 *(in thousands of dollars, except per-share amounts) (unaudited)*

NATURE OF BUSINESS

Richelieu Hardware Ltd. (the "Company") acts as a distributor, importer, and manufacturer of specialty hardware and complementary products. These products are targeted to an extensive customer base of kitchen and bathroom cabinet, furniture, and window and door manufacturers plus the residential and commercial woodworking industry, as well as a large customer base of retailers, including hardware and renovation products superstores.

1) ACCOUNTING POLICIES

The unaudited interim consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada and follow the same accounting principles and methods of application as the recent audited annual consolidated financial statements, except for the new accounting policies described in note 2). 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 period are not necessarily indicative of the results that may be expected for the full year as the operating level of the Company is subject to seasonal fluctuations. The first quarter has historically generated lower sales and earnings than the other quarters of the fiscal year. 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 2008.

2) NEW ACCOUNTING POLICIES ADOPTED

Inventories
In March 2007, the CICA adopted the new Section 3031, which has replaced Section 3030, The new Section prescribes measurement of inventories at the lower of cost and net realizable value. It provides guidance on the determination of cost and requires reversal of previous write-downs when there is a subsequent increase in the value of inventories.

The new standard was applied on December 1, 2008 and did not have a significant impact on the results, financial position, or cash flow of the Company's three-month and nine-month periods ended on August 31, 2009.

Goodwill and Intangible Assets
In February 2008, the CICA issued a Section 3064, "Goodwill and Intangible Assets", which replaced Section 3062, "Goodwill and Other Intangible Assets", as well as Section 3450, "Research and Development Costs".

The Section 3064 states that upon their initial identification, intangible assets are to be recognized as assets only if they meet the definition of an intangible asset and the recognition criteria. Section 3064 also provides further information on the recognition of internally generated intangible assets (including research and development costs).

As for subsequent measurement of intangible assets, goodwill, and disclosure, Section 3064 carries forward the requirements of the old Section 3062.

The new standard was applied on December 1, 2008 and did not have a significant impact on the results, financial position, or cash flow of the Company's three-month and nine-month periods ended on August 31, 2009.

3) CAPITAL STOCK

Issued
As at August 31, 2009, capital stock outstanding amounted to 21,972,409 common shares (21,976,409 as at November 30, 2008).

During the nine-month period ended August 31, 2009, the Company did not issue common shares (28,700 at a weighted average price of $6.57 per share in 2008) pursuant to the exercise of options under the share option plan. In addition, during the nine-month period ended August 31, 2009, the Company, through a normal course issuer bid, purchased for cancellation 4,000 common shares for a cash consideration of $60 (2008 – 490 700 for a cash consideration of $9,289).

Stock option plan
During the nine-month period ended August 31, 2009, the Company granted 153,000 options (2008 – 170,000) with a weighted average exercise price of $17.40 (2008 – $20.63) and an average fair value of $4.02 per option (2008 – $5.37) as determined using the Black & Scholes option pricing model based on an expected dividend yield of 1.7% (2008 – 1.5%), a volatility of 23% (2008 – 20%), a risk free interest rate of 2.36% (2008 – 3.73%) and an expected life of 7 years (2008 – 7 years). As at August 31, 2009, 946,050 share options were outstanding (2008 – 768,300) with exercise prices varying from $5.15 to $24.76 (2008 – $5.15 to $24.76) for a weighted average of $19.73 (2008 – $20.33).

For the three-month and nine-month periods ended August 31, 2009, the stock-based compensation expense amounted to $213 (2008 – $266) and $673 (2008 – $791).

4) EARNINGS PER SHARE

3-MONTH PERIOD ENDED AUGUST 31

			2009			2008
	Earnings $	Weighted average number of shares (in thousands)	Earnings per share $	Earnings $	Weighted average number of shares (in thousands)	Earnings per share $
Basic net earnings	8,870	21,972	0.40	9,639	22,726	0.42
Dilutive effect of stock options	–	62	–	–	56	–
Diluted net earnings	8,870	22,034	0.40	9,639	22,782	0.42

9-MONTH PERIOD ENDED AUGUST 31

			2009			2008
	Earnings $	Weighted average number of shares (in thousands)	Earnings per share $	Earnings $	Weighted average number of shares (in thousands)	Earnings per share $
Basic net earnings	20,524	21,973	0.93	25,367	22,888	1.11
Dilutive effect of stock options	–	46	–	–	63	–
Diluted net earnings	20,524	22,019	0.93	25,367	22,951	1.11

For the three-month and nine-month periods ended August 31, 2009, outstanding options to purchase 641,800 and 788,800 common shares with a weighted average exercise price of $22.15 and $21.27 were excluded from the computation of diluted earnings because their effect would have been anti-dilutive.

5) ACCUMULATED OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income includes the following items and the changes that occurred during the periods ended August 31 were as follows:

	Three-month		Six-month	
	2009 $	2008 $	2009 $	2008 $
Opening balance	(2,786)	(6,432)	3,501	(6,197)
Translation adjustment of net investment in self-sustaining foreign operation	146	2,298	(6,141)	2,033
Change in fair value of cash flow hedges during the period, net of income taxes	–	162	–	192
Balance-end of period	(2,640)	(3,972)	(2,640)	(3,972)

6) OTHER INFORMATION

Credit risk

The Company sells its products to numerous customers in Canada, and in a lesser proportion in the United States of America. 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 August 31, 2009 is acceptable given the specific industry in which the Company evolves.

The Company performs ongoing credit evaluations of customers and generally does not require collateral. The allowance for doubtful accounts has increased by $424 and by $1,271 during the three-month and nine-month periods ended August 31, 2009 and now stands at $4,932.

Market risk

The Company's foreign currency exposure arises from purchases and sales denominated in foreign currency (mainly in US dollars). Administrative charges included, for the three-month and nine-month periods ended August 31, 2009, an exchange loss of $280 and of $124 respectively (2008 – gain of $592 and $615).

As at August 31, 2009 a decrease of 1% of the Canadian dollar against the US dollar and the Euro, all other variables remaining the same, would not have had a significant impact on the consolidated net earnings and would have increased the consolidated comprehensive income by $470. The exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure of the Company's financial instruments as of the balance sheet date.

For the three-month and nine-month periods ended August 31, 2009, the statements of comprehensive income include respectively a foreign exchange gain of $146 and a foreign exchange loss of $6,141 (2008 – gain of $2,298 and $2,033) on the net investment in self-sustaining foreign operation resulting mainly from the conversion of the long-term investment in that operation.

Current period expenses

During the three-month and nine-month periods ended August 31, 2009, the amount of inventories recorded as expenses from the distribution, imports and manufacturing activities totals $76,294 and $223,131. An expense of respectively $711 and $1,111 for obsolescence are included in those amounts.

Notes to interim consolidated financial statements

August 31, 2009 and 2008 *(in thousands of dollars, except per-share amounts) (unaudited)*

7) GEOGRAPHIC INFORMATION

During the three-month and nine-month periods ended August 31, 2009, near 85% of sales were made in Canada, while sales to foreign countries, almost entirely in the United States, amounted to $16,397 (2008 – $19,867) and $52,642 (2008 – $56,202) in Canadian dollars compared to $14,736 (2008 – $19,337) and $44,328 (2008 – $55,490) in US dollars.

As at August 31, 2009, of a total amount of $21,035 in capital assets ($22,801 as at November 30, 2008), $1,058 ($1,088 as at November 30, 2008) are located in the USA. In addition, intangible assets located in the USA amounts to $8,848 ($10,459 as at November 30, 2008) and goodwill at $21,543 ($24,337 as at November 30, 2008).

8) MANAGEMENT OF CAPITAL

For the nine-month period ended August 31, 2009, the Company maintained the same capital management objectives as for the year ended November 30, 2008 and achieved the following results:

- a debt/equity ratio: 0.2% (2008 – 3.3%) (interest-bearing debt/ shareholders'equity)
- a return on shareholders' equity of 13.3% over the last 12 months (16.6% for the 12 previous months)

9) FUTURE CHANGES IN ACCOUNTING POLICIES

In February 2008, the CICA Accounting Standard Board confirmed that publicly accountable enterprises must adopt IFRS for the fiscal years beginning on or after January 1, 2011. The Company's plan to convert to IFRS, which will apply to the fiscal year beginning on December 1, 2011, is presently being drawn up.

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