Management's Discussion and Analysis

This management's discussion and analysis ("MD&A") has been prepared by Hardwoods Distribution Inc. ("HDI" or the "Company"), formerly Hardwoods Distribution Income Fund (the "Fund"), as of November 7, 2011. This MD&A covers our unaudited interim condensed consolidated financial statements as at and for the three and nine-month periods ended September 30, 2011 ("Interim Financial Statements"). As well, it provides an update to the MD&A section contained in the Fund's 2010 Annual Report. The information below should be read in conjunction with the Interim Financial Statements and the audited consolidated financial statements and accompanying notes of the Fund for the years ended December 31, 2010 and 2009 ("Audited Financial Statements"). Results are reported in Canadian dollars unless otherwise stated, and have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34 "Interim Financial Reporting" and IFRS 1 "First Time Adoption of IFRS." For comparative purposes, all financial amounts related to the quarters ended March 31, 2010, June 30, 2010, September 30, 2010, and for the quarter and year ended December 31, 2010, have been restated in accordance with IFRS. All other periods remain unchanged from the numbers originally reported under Canadian generally accepted accounting principles. For additional information, readers should also refer to our Annual Information Form and other information filed on www.sedar.com.

In this MD&A, references to "EBITDA" are to earnings before interest, income taxes, depreciation and amortization, where interest is defined as net finance costs as per the consolidated statement of comprehensive income. In addition to profit or loss, we consider EBITDA to be a useful supplemental measure of a company's ability to meet debt service and capital expenditure requirements, and we interpret trends in EBITDA as an indicator of relative operating performance.

EBITDA is not an earnings measure recognized by IFRS and does not have a standardized meaning prescribed by IFRS. Investors are cautioned that EBITDA should not replace profit or loss or cash flows (as determined in accordance with IFRS) as an indicator of our performance. Our method of calculating EBITDA may differ from the methods used by other issuers. Therefore, our EBITDA may not be comparable to similar measures presented by other issuers. For a reconciliation between EBITDA and profit or loss as determined in accordance with IFRS, please refer to the discussion of Results of Operations described in section 3.0 of this report.

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1.0 Executive Summary

1.1 Recent Events

We successfully completed our conversion from an income trust to a publicly traded corporation during the third quarter of 2011. Concurrent with this move, we acquired the former non-controlling interest in our business at a discounted ratio of 0.3791 common shares per exchangeable unit held by the non-controlling interest. Moving forward as Hardwoods Distribution Inc., we now own 100% of our underlying operating businesses, compared to 80% previously, and we are now operating with a corporate structure we believe is more beneficial for our shareholders in the long term.

Also achieved in the third quarter was our acquisition of the business operations of the Frank Paxton Lumber Company ("Paxton") on September 19, 2011, for $13.7 million. Paxton is a leading remanufacturer and distributor of premium hardwood lumber, millwork and architectural sheet goods, with five branches located in Chicago Illinois, Cincinnati Ohio, Denver Colorado, Kansas City Missouri and San Antonio Texas. The acquisition is highly consistent with our market expansion strategy in that it provides an attractive entry point into three new high-potential geographic markets, expands our capabilities in two attractive markets where we already have a presence, and increases our access to commercial and institutional markets through Paxton's expertise in architectural millwork. In addition, we have gained an expanded customer base for our existing lines of high-quality import products.

The acquisition of Paxton is expected to add approximately $45 million annually in profitable sales to our business. Paxton operations, which were acquired two weeks before the quarter ended September 30, 2011, had no material impact on EBITDA results for the quarter. Operating earnings for the period from Paxton were almost entirely offset by one-time transactions costs associated with completion of the acquisition. Our September 30, 2011 balance sheet includes balances related to Paxton as follows: $10.6 million of current assets, $4.2 of non-current assets, and $1.1 of current liabilities.

We financed the Paxton acquisition entirely with debt, taking advantage of our strong balance sheet to maximize accretion for our shareholders. Concurrent with the acquisition, we amended our US credit facility to increase our borrowing capacity from US$25 million to US$30 million. Our balance sheet remains conservative even after making these changes, with $71.1 million of

net current assets financed by just $23.4 million of bank indebtedness. We also have $22.5 million of unused debt capacity available to us to finance future growth.

As we anticipated, market conditions remained challenging through the third quarter with a stronger Canadian dollar reducing the value of our US sales and continued weakness in the US residential construction market. Housing starts in the US remain at the historically low rate of about 0.6 million new homes per year, about half of what is generally considered to be a healthy market. The broader US economy also remains stagnant with high government debt and unemployment levels hampering prospects for growth.

Despite these headwinds, our operating performance continued to improve in the third quarter with sales increasing by 13.5%, gross profit up by 16.1% and EBITDA up 37.8% compared to the same period in 2010. These gains largely represent organic growth, with the acquired Paxton operations contributing just two weeks of revenue during the period. Successful expansion of our import product line, a growing base of commercial and institutional customer accounts and the addition of experienced sales personnel were the key factors in our improved third quarter results.

Our top-line results for the first nine months of 2011 also improved as a result of these strategies, with sales increasing 9.8% compared to last year. However, nine-month EBITDA was unchanged compared to the same period in 2010 as a result of one-time costs related to our conversion to a corporation and the absence of a recovery from a lawsuit in the prior-year period. Excluding these items, nine-month adjusted EBITDA increased 19.0% year-over-year as outlined below:

Selected Unaudited Consolidated Financial Information (in thousands of dollars)	**3 months ended Sept 30, 2011**	**3 months ended Sept 30, 2010**	**9 months ended Sept 30, 2011**	**9 months ended Sept 30, 2010**
EBITDA as reported	$ 1,928	$ 1,399	$ 5,028	$ 5,026
Add (deduct):				
Corporate conversion expenses	-	-	571	-
Proceeds received from litigation settlement	-	-	-	(320)
Adjusted EBITDA	$ 1,928	$ 1,399	$ 5,599	$ 4,706

Overall, we are encouraged by our results so far in 2011. In the third quarter of 2011 we declared a quarterly dividend of $0.02 per share, which was paid to shareholders on October 31, 2011. Based on our strong performance and positive outlook, on November 7, 2011 our Board of Directors declared a quarterly dividend of $0.02 per share, payable on January 31, 2012 to shareholders of record on January 20, 2012.

1.2 Outlook

Looking forward, we anticipate that the North American economy will continue to experience a sluggish recovery. Although US residential construction activity has improved slightly from a year ago, the pace of new housing starts remains at historically low levels. Industrial and commercial construction markets are generally healthier, but here too, the pace of recovery is slow.

While the Canadian economy is faring better than the US, this market is significantly smaller than the US market. We will continue to rely on our market expansion strategy to achieve growth and enhance profits. Our strategy focuses on:

1. Increasing end-market diversification with a stronger focus on the commercial and institutional construction markets. To date, we have created a dedicated sales force and an expanded roster of products focused on these markets, and we will continue working to build and expand our account base. The Paxton acquisition expands the range of products we can make available to our commercial and institutional customers and we will work to leverage this opportunity going forward.

2. Leveraging our successful import program to grow sales and build market share. We have been successful in increasing sales volumes of high-quality imported sheet goods and higher-margin specialty products including EchoWood™ and O2 Bamboo™ brands. We will continue to seek out attractive new products, while also introducing our import line to Paxton's base of customers.

3. Achieving increased market share in larger, high-potential geographic markets The Paxton acquisition has given us access to three major markets in which we wanted to have a presence but did not have one previously (Chicago, Cincinnati, and Kansas City), while increasing our presence in two existing markets (Denver and San Antonio). We will now focus on solidifying and further expanding our presence in these promising markets.

Our operating expenses are expected to continue trending somewhat higher in 2011 as we implement our market expansion strategies and support increased sales activity, as well as incorporate Paxton's business costs.

Overall, our priorities for the balance of the year will be to achieve a successful integration of our newly acquired Paxton operations, and to continue executing our business strategy while tightly managing the business.

2.0 Background

2.1 Company Overview

Hardwoods Distribution Inc. is a publicly traded company that holds, indirectly, a 100% ownership interest in Hardwoods Specialty Products LP and Hardwoods Specialty Products US LP (collectively, "Hardwoods" or the "Business"). The Company was formed in order to convert Hardwoods Distribution Income Fund (the "Fund") from an income trust structure to a corporation. The Fund was converted to a corporation by way of a plan of arrangement effective July 1, 2011.

Pursuant to the conversion, all outstanding units of the Fund held by unitholders were exchanged for common shares of Hardwoods Distribution Inc. on a one-for-one basis. All of the Class B limited partner units in the Fund's operating subsidiaries, which represented a 20% equity interest in Hardwoods and were held by the former owners of the Business, were exchanged for common shares of Hardwoods Distribution Inc. on the basis of 0.3793 common shares per Class B limited partner unit. As a result of these arrangements, Hardwoods Distribution Inc. owns 100% of Hardwoods, whereas previously the Fund owned 80% of the Business. The Fund has been wound up into HDI. Hardwoods Distribution Inc. is listed on the Toronto Stock Exchange and trades under the symbol HWD.

2.2 Business and Industry Overview

Serving customers for over 50 years, Hardwoods is one of North America's largest distributors of high-grade hardwood lumber and specialty sheet goods to the cabinet, moulding, millwork, furniture and specialty wood products industries. At September 30, 2011 we operated 31 distribution facilities organized into ten geographic regions located in 17 states and 5 provinces throughout North America. To maximize inventory management, we utilize a hub and spoke distribution system, with major hub distribution centres holding the bulk of our inventory and making regular truck transfers to replenish stock in satellite distribution centres that are located in smaller markets.

Approximately 40% of our product mix is made up of high-grade hardwood lumber. The balance is made up of sheet goods and other specialty products, including hardwood plywood

and non-structural sheet goods such as medium-density fiberboard, particleboard and melamine-coated stock. Our sheet goods and lumber are complementary product lines that are key products used by our customers in the manufacture of their end-use products.

Our role in the industry is to provide the critical link between mills that manufacture large volumes of hardwood lumber and sheet goods, and industrial customers that require smaller quantities of many different hardwood products for their own manufacturing processes. We provide a means for hundreds of hardwood mills to get their product to thousands of small-to-mid-sized industrial manufacturers. We add value to our suppliers by buying their product in volume and paying them promptly, effectively acting as their third-party sales force. We add value for our customers by providing them with the materials they need on a just-in-time basis, remanufacturing materials to customer specifications where required, selling in smaller quantities and offering a wider range of product selection than the customer would be able to purchase directly from an individual mill. We also provide an important source of financing for our customers by allowing them to buy material from us on approved credit.

Our customer base manufactures a range of end-use products, such as cabinetry, furniture and custom millwork. These products in turn are sold into multiple sectors of the economy, including new home construction, renovation, non-residential construction and institutional markets. As a result of this diversity, it is difficult to determine with certainty what proportion of our products ends up in each sector of the economy. We estimate at least 50% of our products are used in new residential construction, in the form of cabinets, mouldings, custom finishing, and home furniture. We believe the balance of our products end up in other sectors of the economy not associated with new residential construction, such as home renovations, finishing millwork for office buildings, restaurant and bar interiors, hotel lobbies, retail point-of-purchase displays, schools, hospitals, custom motor coaches, yacht interiors and other specialty areas.

The majority of the hardwood lumber distributed in North America is harvested from North American hardwood forests, located principally in the Eastern United States, and is milled by hundreds of small mills. Imported hardwood lumber is largely limited to specialty species that generally do not compete with domestic hardwood lumber. Sheet goods are generally produced in North America by large manufacturers using domestic hardwoods and other materials, although imported hardwood plywood volumes have been increasing. Both domestic and imported hardwood lumber and plywood are distributed principally by third parties such as us. Historically, balanced supply and demand conditions have resulted in a stable pricing

environment for hardwood lumber and hardwood plywood. More recently, global economic conditions and weaker US housing markets have resulted in supply/demand imbalances and greater variability in product pricing.

The North American economy is currently experiencing a sluggish recovery after a significant economic downturn in housing and construction, which are key markets for the hardwood products that we distribute. However, current levels of housing and construction activity in North America are low relative to expected longer-term population and housing trends, and we believe that when a sustained economic recovery takes hold, prospects for our industry are attractive.

3.0 Results of Operations

3.1Three Months Ended September 30, 2011 and September 30, 2010

Selected Unaudited Consolidated Financial Information (in thousands of Canadian dollars)							
		For the three months Ended September 30, 2011		For the three months Ended September 30, 2010		$ Increase (Decrease)	% Increase (Decrease)
Total sales	$	57,372	$	50,559	$	6,813	13.5%
Sales in the US (US$)		*37,187*		*29,246*		*7,941*	27.2%
Sales in Canada		*20,908*		*20,164*		*744*	3.7%
Gross profit		10,121		8,716		1,405	16.1%
Gross profit %		*17.6%*		*17.2%*			
Operating expenses		(8,412)		(7,572)		840	11.1%
Profit from operating activities		1,709		1,144		565	49.4%
Add: Depreciation		219		255		(36)	-14.1%
Earnings before interest, taxes, depreciation and amortization and non-controlling interest (“EBITDA”)	$	1,928	$	1,399	$	529	37.8%
Add (deduct):							
Depreciation		(219)		(255)		36	14.1%
Net finance income (cost)		725		(757)		1,482	195.8%
Income tax recovery (expense)		3,171		(534)		3,705	693.8%
Profit (loss) for the period	$	5,605	$	(147)	$	5,752	3912.9%
Basic profit (loss) per share/unit	$	0.35	$	(0.01)			
Fully diluted profit (loss) per share/unit		0.35		(0.01)			
Average Canadian dollar exchange rate for one US dollar		0.981		1.0395			

Sales

For the three months ended September 30, 2011, total sales increased to $57.4 million, up 13.5% from $50.6 million during the same period in 2010. The year-over-year sales growth reflects a 17.9% increase in underlying sales activity, partially offset by a 4.4% decrease in sales due to the negative impact of a stronger Canadian dollar on foreign exchange conversion of our US-based sales.

The 17.9% increase in underlying sales was led by sales growth of US$7.9 million from our US operations. Approximately US$2.1 million of this growth was provided by our new Paxton operations, acquired on September 19, 2011 (see section 1.1 of this report for a discussion of the acquisition). The remaining US$5.8 million increase in sales reflects organic growth achieved by all five of our US operating regions as we implemented our market expansion strategies. Introduced in late 2010, these new strategies focus on increasing our end-market diversification, continuing to leverage our import program, and selectively adding qualified sales representatives to our staff.

Sales in Canada, a market which has seen more stable ongoing demand for hardwoods throughout the recent economic downturn, increased by a more modest $0.7 million or 3.7% in the third quarter.

Gross Profit

Gross profit for the three months ended September 30, 2011 was $10.1 million, an increase of $1.4 million, or 16.1%, from $8.7 million in the third quarter of 2010. The improvement in gross profit reflects the higher sales combined with a higher gross profit margin. As a percentage of sales third quarter gross profit increased to 17.6%, from 17.2% in the same period in 2010. As discussed in section 1.1 of this report, demand conditions in our industry remain depressed and competition for business continues to be intense. In the past eight quarters of operations we have reported gross profit margins as low as 16.6% and as high as 18.4%. We view a gross profit margin of 17% to 18% as appropriate given competitive conditions at this point in the business cycle.

Operating Expenses

Operating expenses were $8.4 million in the third quarter of 2011, compared to $7.6 million during the same period last year, an increase of $0.8 million. The increase is primarily due to higher people costs incurred to support our market expansion strategies. This includes additional employee hires, as well as increased payouts under variable incentive plans for sales growth results achieved. As a percentage of sales, third quarter 2011 operating expenses were 14.7% of sales, compared to 15.0% in 2010.

EBITDA

For the three months ended September 30, 2011, we recorded EBITDA of $1.9 million, an increase of $0.5 million, or 37.8%, from $1.4 million in the third quarter of 2010. The increase in EBITDA reflects the $1.4 million increase in gross profit, partially offset by the $0.8 million increase in operating expenses before depreciation.

Net Finance Income (Cost)

(in thousands of Canadian dollars)	Three months ended September 30, 2011	Three months ended September 30, 2010	$ Increase (Decrease)
Finance expense:			
Interest on bank indebtedness	$ (113)	$ (212)	$ (99)
Amortization of deferred finance cost	(27)	(44)	(17)
Accretion of finance lease obligation	(22)	(26)	(4)
Change in fair value of			-
non-controlling interest	-	(546)	(546)
Foreign exchange losses	-	(89)	(89)
Total finance expense	(162)	(917)	(755)
Finance income:			
Imputed interest on			
employee loans receivable	4	3	1
Interest on trade receivables			
and customer notes	141	157	(16)
Foreign exchange gain	742	-	742
Total finance income	887	160	727
Net finance income (cost)	$ 725	$ (757)	$ 1,482

For the three months ended September 30, 2011, net finance income was $0.7 million compared to net finance cost of $0.8 million in the three months ended September 30, 2010. As shown above, the $1.5 million change in net finance income primarily reflects two items: the $0.5 million change in the fair value of the non-controlling interest (“NCI”) in the prior period, and a $0.8 million change in foreign exchange gains/losses between the periods.

The change in the NCI reflects the change in non-controlling interest that occurred concurrent with the conversion of the Fund to a publicly traded corporation. As discussed in section 2.1 of this report, the NCI exchanged their 20% ownership interest in the Fund’s operating subsidiaries for common shares in Hardwoods Distribution Inc. on July 1, 2011. As a result of this exchange, the non-controlling interest did not exist in the three months ended September 30, 2011. In the comparative three- month period ended September 30, 2010, the NCI was still in place, and changes in the fair value of the NCI resulted in a finance expense of $0.5 million at that time.

The change in foreign exchange gains/losses primarily relates to the impact of changes in the Canadian/US dollar exchange rate on translation for reporting purposes of intercompany debt held by or with subsidiaries of the Company. During the three months ended September 30, 2011, a weakening of the Canadian dollar resulted in a foreign exchange gain of $0.7 million on

this intercompany debt. In contrast, the Canadian dollar strengthened during the comparative period in 2010 and resulted in a foreign exchange loss of $0.1 million.

The change in the fair value of the NCI, and the foreign exchange gains/losses between periods, did not impact the Company's cash flows during the quarter.

Income Tax Recovery (Expense)

An income tax recovery of $3.2 million was recorded in the three months ended September 30, 2011. This primarily reflects a $3.8 million deferred income tax recovery arising as a result of restructuring activities that occurred during the quarter, including the exchange of the non-controlling interest described in section 2.1 of this report and financing transactions undertaken as part of the Paxton acquisition. In the comparative three month period ended September 30, 2010, income tax expense was $0.5 million, reflecting the use of future tax assets to offset taxable income generated during the period.

Profit (loss) for the Period

Profit for the three months ended September 30, 2011 increased to $5.6 million, from a loss of $0.1 million during the same period in 2010. The $5.7 million improvement reflects the $0.5 million increase in EBITDA, the $1.5 million increase in net finance income, and the $3.7 million increase in income tax recovery.

3.2 Nine Months Ended September 30, 2011 and September 30, 2010

Selected Unaudited Consolidated Financial Information (in thousands of Canadian dollars)	For the nine months Ended September 30, 2011	For the nine months Ended September 30, 2010	$ Increase (Decrease)	% Increase (Decrease)
Total sales	$ 166,120	$ 151,263	$ 14,857	9.8%
Sales in the US (US$)	*104,477*	*87,302*	*17,175*	19.7%
Sales in Canada	*63,921*	*60,827*	*3,094*	5.1%
Gross profit	29,305	26,668	2,637	9.9%
Gross profit %	*17.6%*	*17.6%*		
Operating expenses	(24,946)	(22,543)	2,403	10.7%
Profit from operating activities	4,359	4,125	234	5.7%
Add: Depreciation	669	901	(232)	-25.7%
Earnings before interest, taxes, depreciation and amortization and non-controlling interest (“EBITDA”)	$ 5,028	$ 5,026	$ 2	0.0%
Add (deduct):				
Depreciation	(669)	(901)	232	25.7%
Net finance cost	(57)	(586)	529	90.3%
Income tax recovery (expense)	2,113	(1,622)	3,735	230.3%
Profit for the period	$ 6,415	$ 1,917	$ 4,498	234.6%
Basic profit per share/unit	$ 0.43	$ 0.13		
Fully diluted profit per share/unit	0.42	0.13		
Average Canadian dollar exchange rate for one US dollar	0.978	1.036		

Sales

For the nine months ended September 30, 2011, total sales increased to $166.1 million, from $151.3 million in the first nine months of 2010. The 9.8% increase reflects a 13.8% increase in underlying sales activity resulting from our market expansion strategies (discussed in section 1.0 of this report), partially offset by a 4.0% decrease in sales due to the negative impact of a stronger Canadian dollar. In the first nine months of 2011, sales activity at our US operations, as measured in US dollars, increased 19.7% compared to the same period last year. Excluding the impact of the Paxton acquisition, US sales, as measured in US dollars, increased by 17.2%. Sales in Canada were up by a more modest 5.1% year-over-year. The slower growth in Canada reflects the negative impact of the stronger Canadian dollar on product prices, as well as reduced demand from Canadian manufacturing customers that export to the US.

Gross Profit

Gross profit for the first nine months increased to $29.3 million, from $26.7 million in the first nine months of 2010. The increase in gross profit reflects higher sales. As a percentage of sales, gross profit was 17.6% in the nine months ended September 30, 2011, unchanged from the same period in 2010.

Operating Expenses

Operating expenses increased $2.4 million to $24.9 million in the first nine months of 2011, from $22.5 million during the same period in 2010. The most significant factors in the increase

in operating expenses are a $2.1 million increase in personnel costs to support higher sales, $0.8 million in non-recurring transactions costs related to our conversion to a corporation and our acquisition of Paxton, and a $0.3 million litigation expense recovery that was received in the 2010 period that was not repeated in the 2011 period. These cost increases were partially offset by a $0.8 million reduction in operating expenses attributable to the positive impact of the stronger Canadian dollar on the conversion of expenses at our US operations. As a percentage of sales, operating expenses in the first nine months of 2011 were 15.0% of sales, compared to 14.9% in the same period in 2010.

EBITDA

For the nine months ended September 30, 2011, we recorded EBITDA of $5.0 million, on par with $5.0 million generated during the same period in 2010. The $2.6 million increase in gross profits was fully offset by a $2.6 million increase in operating expenses before depreciation. When adjusted for non-recurring items (as outlined in section 1.1 of this report), EBITDA increased to $5.6 million from $4.7 million during the same period last year.

Net Finance Cost

(in thousands of Canadian dollars)		Nine months ended September 30, 2011		Nine months ended September 30, 2010		$ Increase (Decrease)
Finance expense:						
Interest on bank indebtedness	$	(359)	$	(538)	$	(179)
Amortization of deferred finance cost		(125)		(133)		(8)
Accretion of finance lease obligation		(70)		(69)		1
Change in fair value of non-controlling interest		(546)		(273)		273
Foreign exchange losses		-		(44)		(44)
Total finance expense		(1,100)		(1,057)		43
Finance income:						
Imputed interest on employee loans receivable		12		15		(3)
Interest on trade receivables and customer notes		400		456		(56)
Foreign exchange gain		631		-		631
Total finance income		1043		471		572
Net finance cost	$	(57)	$	(586)	$	529

Net finance cost was $0.1 million for the nine months ended September 30, 2011, a decrease of $0.5 million compared to a net finance cost of $0.6 million in the same period in 2010. Interest

on bank indebtedness was $0.2 million lower year-over-year, reflecting lower average borrowing balances in the 2011 period compared to the 2010 period, as well as lower interest rates paid on borrowings due to a favorable renewal of the Company's US credit facility on May 26, 2011.

The change in the value fair value of the NCI was higher by $0.3 million in the first nine months of 2011, compared to the same period in 2010. In accordance with the accounting policies adopted under IFRS, the non-controlling interest is recorded at fair value at each reporting date, with the change in fair value being recorded in profit or loss during the reporting period. These fair value adjustments have no impact on cash flows.

We reported foreign exchange gains of $0.6 million in the first nine months of 2011, compared to foreign exchange losses of $44,000 in the comparable period in 2010. The increase in foreign exchange gains primarily relates to the impact of changes in the Canadian/US dollar exchange rate on translation for reporting purposes of intercompany debt held by or with subsidiaries of the Company.

Income Tax Recovery (Expense)

An income tax recovery of $2.1 million was recorded in the first nine months of 2011, primarily due to recognizing a $3.8 million future income tax recovery arising from various restructuring activities that occurred in the third quarter of 2011. In comparison, income tax expense of $1.6 million was recorded in the comparative nine months ended September 30, 2010, representing use of future tax assets to offset taxable income generated during the period.

Profit for the Period

Profit for the nine months ended September 30, 2011 increased to $6.4 million, from $1.9 million in 2010. The $4.5 million increase in profit primarily reflects the $3.7 million increase in income tax recovery, the $0.2 million decrease in depreciation expense, and the $0.5 million decrease in net finance expense.

4.0 Quarterly Financial Information and Seasonality

(in thousands of dollars)	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009 [(1)]
Total sales	$ 57,372	$ 56,718	$ 52,030	$ 46,392	$ 50,559	$ 52,206	$ 48,498	$ 41,577
Net earnings	$ 5,605	$ 1,511	$ (701)	$ (980)	$ (147)	$ 1,495	$ 569	$ (544)
Basic and fully diluted earnings (loss) per share or unit	$ 0.35	$ 0.10	$ (0.05)	$ (0.07)	$ (0.01)	$ 0.10	$ 0.04	$ (0.04)
EBITDA	$ 1,928	$ 2,542	$ 558	$ (339)	$ 1,399	$ 2,387	$ 1,240	$ (2,421)

[1] Information for the fourth quarter of 2009 is presented in accordance with Canadian GAAP and has not been restated in accordance with IFRS.

The preceding table provides selected quarterly financial information for our eight most recently completed fiscal quarters. This information is unaudited, but reflects all adjustments of a normal, recurring nature which are, in our opinion, necessary to present a fair statement of the results of operations for the periods presented. Quarter-to-quarter comparisons of our financial results are not necessarily meaningful and should not be relied upon as an indication of future performance. Historically, the first and fourth quarters have been seasonally slower periods for our business. In addition, net earnings reported in each quarter may be impacted by changes to the foreign exchange rate of the Canadian and US dollar, changes in the carrying value of deferred income tax assets (which occurred in the three months ended September 30, 2011), and changes in the fair value of the non-controlling interest liability prior to July 1, 2011.

5.0 Liquidity and Capital Resources

5.1 Cash Flows from Operating, Investing and Financing Activities

Selected Unaudited Consolidated Financial Information (in thousands of Canadian dollars)	Three months ended September 30			Nine months ended September 30		
	2011	2010	$ Change	2011	2010	$ Change
Cash provided by (used by) operating activities before changes in non-cash working capital	$ 1,997	$ 1,412	$ 585	$ 7,122	$ 5,184	$ 1,938
Changes in non-cash working capital	(1,100)	(1,878)	778	(8,259)	(12,547)	4,288
Net cash provided by (used in) operating activities	897	(466)	1,363	(1,137)	(7,363)	6,226
Net cash provided by (used in) investing activities	(13,684)	306	(13,990)	(13,562)	791	(14,353)
Net cash provided by (used in) financing activities	13,084	247	12,837	14,982	6,312	8,670
Increase (decrease) in cash	297	87	210	283	(260)	543
Cash, beginning of period	29	116	(87)	43	463	(420)
Cash, end of period	$ 326	$ 203	$ 123	$ 326	$ 203	$ 123

Net cash used in operating activities

Cash provided by operating activities was $0.9 million in the third quarter of 2011, compared to cash used of $0.5 million in the same period in 2010. Cash provided by operating activities before changes in non-cash working capital increased by $0.6 million, primarily reflecting higher

EBITDA in the period as previously discussed in section of 3.1 of this report. In addition, investment in non-cash working capital was lower by $0.8 million in the third quarter of 2011 compared to the same period in the prior year. An analysis of changes in working capital is provided in section 5.2 of this report.

Cash used in operating activities in the nine months ended September 30, 2011 was $1.1 million, compared to $7.4 million in the same period in the prior year. Cash provided by operating activities, before changes in non-cash working capital, increased by $1.9 million, primarily reflecting the $1.8 million cash receipt of an income tax refund in the first quarter of 2011. Investment made in non-cash working capital was $4.3 million lower in the nine months ended September 30, 2011 compared to the prior year period. An analysis of changes in working capital is provided in section 5.2 of this report.

Net cash provided by (used in) investing activities

Net cash used in investing activities increased by $14.0 million and $14.4 million, respectively, in the third quarter and first nine months of 2011 when compared to the same periods in 2010. The increase in both periods is primarily attributed to the $13.7 million business acquisition of Paxton which occurred in the third quarter of 2011.

Prior to the Paxton acquisition, our capital expenditures were typically low as we leased all of our buildings and contracted out all freight delivery services. Capital expenditures have been principally for the replacement of forklifts, furniture and fixtures, leasehold improvements and computer equipment. Between 2007 and 2010, we closed a total of 10 branch locations in response to weak economic conditions. These closures freed up additional forklift capacity and reduced our need to purchase replacement forklift equipment. We also decreased many of our discretionary cash outlays for capital items during this period as we shifted our focus to cost reduction and cash conservation. As a result, our total capital expenditures amounted to just $74,000 in the year ended December 31, 2010, and were just $0.2 million in the first nine months of 2011.

We also lease automobiles for the use of outside sales representatives and certain managers. For the nine months ended September 30, 2011, principle payments on automobile finance lease obligation were $0.5 million (2010 - $0.6 million).

Despite the reduced spending on capital expenditures, we believe we have made sufficient expenditures to sustain productive capacity of our business as it relates to our needs for property, plant and equipment.

Our acquisition of Paxton on September 19, 2011 will increase our future maintenance capital expenditure needs. Unlike other Hardwoods distribution operations, the Paxton business requires ongoing investment in moulders and other light remanufacturing equipment. Paxton also buys trailers and leases tractor units for use in delivery of product to customers, whereas other Hardwoods operations contract out this freight delivery service to third-party carriers. We anticipate that additional annual capital expenditure requirements of approximately $0.5 million will be associated with maintaining the productive capacity of the Paxton business.

Net cash provided by financing activities

Net cash provided by financing activities increased by $12.8 million and $8.7 million, respectively, in the third quarter and first nine months of 2011 when compared to the same periods in 2010. The increase in both periods is primarily attributed to increased bank indebtedness as we supported sales growth with higher working capital investment. We also increased borrowing to fund the Paxton acquisition.

5.2 Working Capital

Our business requires an ongoing investment in working capital, comprised of accounts receivable, inventory, and prepaid expenses, partially offset by provisions and short-term credit provided by suppliers in the form of accounts payable and accrued liabilities. Our investment in working capital fluctuates from quarter-to-quarter based on factors such as seasonal sales demand, strategic purchasing decisions taken by management, and the timing of collections from customers and payments made to our suppliers. Historically the first and fourth quarters are seasonally slower periods for construction activity and therefore demand for hardwood products decreases. As a result, sales and working capital requirements may be lower in these quarters. We had working capital of $72.0 million at September 30, 2011, compared to $57.2 of working capital at December 31, 2010.

A summary of changes in our non-cash operating working capital during the three and nine months ended September 30, 2011 and 2010 is provided below.

(in thousands of Canadian dollars) Source (use) of funds	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Accounts receivable	$ 1,737	$ 226	$ (6,532)	$ (6,009)
Inventory	(4,377)	(1,620)	(6,079)	(6,906)
Prepaid expenses	(244)	(30)	(54)	(41)
Provisions	(32)	(95)	(84)	(284)
Accounts payable and accrued liabilities	1,816	(359)	4,490	693
Increase in non-cash operating working capital	$ (1,100)	$ (1,878)	$ (8,259)	$ (12,547)

Continued compliance with financial covenants under our credit facilities is important to ensure that we have adequate financing available to meet our working capital requirements. The terms of our revolving credit facilities are addressed in section 5.3 of this report.

5.3 Revolving Credit Facilities and Debt Management Strategy

Selected Unaudited Consolidated Financial Information (in thousands of dollars)	As at September 30, 2011	As at December 31, 2010
Cash and cash equivalents	$ (326)	$ (43)
Bank indebtedness	23,373	6,745
Net Debt	$ 23,047	$ 6,702
Shareholders' equity/Unitholders' deficit	73,408	(83,557)
Fund unit liability	-	144,366
Total Capitalization	$ 96,455	$ 67,511
Net debt to total capitalization	23.9%	9.9%

The Company considers its capital to be bank indebtedness (net of cash), shareholder's equity, and, prior to conversion of the Fund to a corporation, the Fund unit liability. As shown above, our net debt balance increased by $16.3 million to $23.0 million at September 30, 2011, from $6.7 million at December 31, 2010. This increase in net debt primarily reflects the use of our bank lines to finance the $13.7 million acquisition of Paxton, as well as additional investment in working capital to support our higher sales. Overall net debt compared to total capitalization stood at 23.9% as of September 30, 2011, compared to 9.9% at December 31, 2010.

We have independent credit facilities in both Canada and the U.S. These facilities may be drawn down to meet short-term financing requirements such as fluctuations in non-cash working capital, and in the case of the Canadian credit facility, to also make capital contributions to our US operating subsidiary. The amount made available under our Canadian and US revolving

credit facilities is, from time-to-time, limited to the extent of the value of certain accounts receivable and inventories held by subsidiaries of the Company. Credit facilities also require ongoing compliance with certain credit ratios. A summary of our credit facilities at September 30, 2011 is provided in the following table. In the third quarter of 2011 we amended our US credit facility to increase the maximum borrowings available under the credit facility, from US$25 million to US$30 million. The size of the US credit facility was increased in order to provide us with additional flexibility to borrow against the value of collateral arising from the Paxton acquisition.

Selected Unaudited Consolidated Financial Information (in thousands of dollars)

	Canadian Credit Facility	US Credit Facility
Maximum borrowings under credit facility	$15 million	$31.4 million (US$30 million)
Credit facility expiry date	August 7, 2012	May 26, 2015
Available to borrow	$14.3 million	$ 30.9 million (US$ 29.5 million)
Credit facility borrowings	$ 5.6 million	$ 17.1 million (US$ 16.3 million)
Unused credit facility available	$ 8.7 million	$ 13.8 million (US$ 13.2 million)
Financial covenants:		
a. (EBITDA - Cash Taxes - Capital Expenditures) / Interest [1]		
Covenant minimum	1.1	
Covenant actual	11.4	
b. Fixed charge coverage ratio of 1.0 to 1 (EBITDA less cash taxes less captial expenditure, divided by interest plus distributions)		Covenant does not apply when the unused credit facility available exceeds US$2.5million, which it did at September 30, 2011

[1] EBITDA and Interest calculated on a trailing twelve month basis in accordance with the terms of the Canadian credit facility.

The terms of the agreements with our lenders provide that dividends cannot be made to our shareholders in the event that our subsidiaries are not compliant with their financial covenants. As shown in the preceding table, our operating subsidiaries were compliant with all required credit ratios as at September 30, 2011. Accordingly there were no restrictions on dividends arising from non-compliance with financial covenants.

Our debt management strategy is to roll and renew (as opposed to repay and retire) our revolving credit facilities in Canada and the US when they expire in August 2012 and May 2015, respectively. We do not intend to restrict future dividends in order to fully extinguish our bank debt obligations upon their maturity. The amount of bank debt that will actually be drawn on our available revolving credit facilities will depend upon the seasonal and cyclical needs of the business, and the cash generating capacity of the Company going forward. When making future dividend decisions, we will consider the amount of financial leverage, and therefore bank debt,

we believe is appropriate given existing and expected market conditions and available business opportunities. We do not target a specific financial leverage amount. We believe our current credit facilities are sufficient to finance our working capital needs and market expansion strategy.

5.4 Contractual Obligations

The table below sets forth our contractual obligations as at September 30, 2011. These obligations relate to leases on various premises and automobiles, and become due in the fiscal years indicated.

(in thousands of Canadian dollars)

Total	2011	2012	2013	2014	2015	2016 and thereafter
$ 20,313	$ 1,585	$ 6,092	$ 4,983	$ 4,021	$ 2,536	$ 1,096

5.5 Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

5.6 Financial Instruments

Financial assets include cash and cash equivalents, which are measured at fair value, current and long-term receivables and income taxes recoverable which are measured at amortized cost. Financial liabilities include bank indebtedness and accounts payable and accrued liabilities which are measured at amortized cost. The carrying values of the Company's cash and cash equivalents, accounts receivable, income taxes recoverable, accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of the instruments. The fair value of long-term receivables is not expected to differ materially from carrying value. The carrying values of the credit facilities approximate their fair values due to the existence of floating market based interest rates.

5.7 Share Data

As at November 7, 2011 the Company had 15,970,513 common shares issued and outstanding. In addition at November 7, 2011 the Company has outstanding 104,856 performance shares and 333,613 restricted shares under the terms of its long term incentive plan. The performance and restricted shares can be settled in common shares of the Company issued from treasury, shares purchased by the Company in the market, or in an amount of cash equal to the fair value of the Company's common shares, or any combination of the foregoing. The restricted and

performance shares vest over periods of up to three years and the Company intends to issue common shares from treasury to settle these obligations as they vest.

5.8 Dividends

In the third quarter of 2011 the Company declared a quarterly dividend of $0.02 per share, which was paid on October 31, 2011 to shareholders of record as at October 20, 2011. On November 7, 2011 the Company declared a quarterly dividend of $0.02 per share, payable on January 31, 2012 to shareholders of record as at January 20, 2012.

6.0 Related Party Transactions

Related parties refers to affiliates of the previous owners of the Business who retained up until July 1, 2011, a 20% interest in Hardwoods through ownership of Class B Hardwoods LP units and Class B Hardwoods USLP units, respectively, and who subsequent to July 1, 2011 retain an interest in the Company's common shares and who continue to have representation on the Company's board of directors. For the three months ended September 30, 2011, sales of $0.1 million were made to related parties, and the subsidiaries of the Fund purchased $6,000 from related parties. For the nine months ended September 30, 2011, sales of $0.1 million were made to related parties, and the subsidiaries of the Fund purchased $0.1 million from related parties. These sales and purchases took place at prevailing market prices.

7.0 Critical Accounting Estimates & Adoption of Changes in Accounting Policies

7.1 Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires that we make estimates and assumptions that can have a material impact on our results of operations as reported on a periodic basis. We base our estimates and assumptions on past experience and other factors that are deemed reasonable under the circumstances. Actual results could differ from these estimates. The critical estimates used in preparing our financial statements are:

Accounts Receivable Provision: Due to the nature of our business and the credit terms we provide to our customers, we anticipate that a certain portion of required customer payments will not be made, and we maintain an allowance for these doubtful accounts. The allowance is based on our estimate of the potential of recovering our accounts receivable, and incorporates current and expected collection trends.

Valuation of Inventories: We anticipate that the net realizable value of our inventory could be affected by market shifts or damage to our products. Our inventory is valued at the lower of cost and net realizable value.

Deferred income Taxes: We are required to make estimates and assumptions regarding future business results, as well as the amount and timing of certain future discretionary tax deductions available to us. These estimates and assumptions can have a material impact upon the amount of deferred income tax assets and liabilities that we recognize.

Fair Value of Non-Controlling Interest: Prior to conversion of the Fund to a corporation, we were required to estimate the fair value of the non-controlling interest liability at each reporting date. Estimating the value of the non-controlling interest required significant judgment, and we considered, amongst other things, the value of Fund Units as traded on the Toronto Stock Exchange, and the relative economic interests of non-controlling interests compared with Fund Units, including the terms of the subordination arrangements that were in place with the non-controlling interest. As the changes in fair value determined at each reporting date were recorded in profit or loss for the period, our estimates of fair value may have a material impact upon the Fund's reported profit or loss.

Allocation of Purchase Price related to the Acquisition of Paxton: The acquisition of Paxton is accounted for as a business combination, which requires the consideration paid to be allocated to the identifiable assets acquired at their relative fair values. The assumptions made in determining the fair value of the assets acquired may impact the allocation of the purchase price in the financial statements.

7.2 Adoption of New Accounting Standards

Effective January 1, 2011 Canadian publicly listed entities were required to prepare their financial statements in accordance with IFRS. Due to the requirement to present comparative financial information, the effective transition date is January 1, 2010. The three-month period ended March 31, 2011 was the Fund's first reporting period under IFRS. Full disclosure of our accounting policies in accordance with IFRS can be found in Notes 2 and 3 to those financial statements. Those financial statements also include reconciliations of the previously disclosed comparative periods financial statements prepared in accordance with Canadian generally accepted accounting principles to IFRS as set out in Note 20 to those financial statements.

We note that the standard-setting bodies that determine IFRS have significant ongoing projects that could impact the IFRS accounting policies that we have selected. The impact of any new

IFRS standards or interpretations will be evaluated as they are drafted and published. New standards and interpretations that have been identified but have yet to be adopted are:

IFRS 9 - Financial Instruments

In November 2009, the IASB issued IFRS 9 - *Financial Instruments*, which is the first step in its project to replace IAS 39 - *Financial Instruments: Recognition and Measurement*. IFRS 9 establishes the measurement and classification of financial assets. Under IFRS 9, financial assets are measured either at fair value through earnings or at amortized cost if certain conditions are met. The effective date of this standard is January 1, 2013, but early adoption is permitted. We will apply this standard to our financial statements beginning on January 1, 2013. We are currently evaluating the impact of IFRS 9 on our financial statements.

IFRS 10 – Consolidated Financial Statements

In May 2011, the IASB issued IFRS 10 – *Consolidated Financial Statements*. The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The effective date of this standard is January 1, 2013, but early adoption is permitted. We will apply this standard to our financial statements beginning on January 1, 2013. The adoption of IFRS 10 is not expected to have a significant impact on our consolidated financial statements.

IFRS 12 – Disclosure of Interests in Other Entities

In May 2011, the IASB issued IFRS 12 – *Disclosure of Interests in Other Entities*. The objective of IFRS 12 is to require the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. The effective date of this standard is January 1, 2013, but early adoption is permitted. We will apply this standard to our financial statements beginning on January 1, 2013. The Company is currently evaluating the impact of IFRS 12 on its financial statements.

IFRS 13 – Fair Value Measurement

In May 2011, the IASB issued IFRS 13 – *Fair Value Measurement*. The objective of IFRS 13 is to define fair value, set out in a single IFRS framework for measuring fair value, and establish disclosure requirements regarding fair value measurements. The effective date of this standard

is January 1, 2013, but early adoption is permitted. We will apply this standard to our financial statements beginning on January 1, 2013. The Company is currently evaluating the impact of IFRS 13 on its financial statements.

8.0 Risks and Uncertainties

We are exposed to a number of risks and uncertainties in the normal course of business that could have a negative effect on our financial condition or results of operations. We identified significant risks that we were aware of in our Annual Information Form dated March 24, 2010, and in our Information Circular and Proxy Statement dated April 15, 2011 relating to the proposed plan of arrangement to convert the Fund to a corporate structure. Our Annual Information Form is available to readers at www.sedar.com. In addition, the acquisition of Paxton on September 19, 2011 exposed the Company to additional acquisition and integration risks that could have a negative effect on our financial condition or results of operations.

9.0 Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"). Any systems of DC&P and ICFR, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to information required to be disclosed and financial statement preparation and presentation.

Our management has limited the scope of its design of DC&P and ICFR to exclude controls, policies and procedures of Paxton, which we acquired on September 19, 2011. For the quarter ended September 30, 2011, Paxton accounted for $2.1 million of our consolidated revenues. There was no material impact on our income before discontinued operations and extraordinary items or our net income in the period arising from the Paxton acquisition, as earnings from Paxton were substantially offset by transactions costs associated with completing the acquisition. As at September 30, 2011, Paxton accounted for $10.6 million of our current assets, $4.2 of our non-current assets, $1.1 of our current liabilities and nil of our non-current liabilities.

There have been no changes in our ICFR during the quarter ended September 30, 2011 that have materially affected, or are reasonably likely to materially affect, our ICFR.

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10.0 Note Regarding Forward Looking Information

Certain statements in this MD&A contain forward-looking information within the meaning of applicable securities laws in Canada ("forward-looking information"). The words "anticipates", "believes", "budgets", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "schedule", "should", "will", "would" and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words.

The forward-looking information in this MD&A includes, but is not limited to: our belief that the Paxton acquisition is highly consistent with our market expansion strategy in that it provides an attractive entry point into new high-potential geographic markets, increases our access to commercial and institutional markets through Paxton's expertise in architectural millwork, and gains an expanded customer base for the Company's existing lines of high-quality import products; that the addition of Paxton is expected to add approximately $45 million annually in profitable sales to our business; our belief that our balance sheet remains conservative even after making the Paxton acquisition; our intention to continue to rely on our market expansion strategy to achieve growth and enhance profits; that our operating expenses are expected to continue trending somewhat higher in 2011 as we implement our market expansion strategies, support increased sales activity and incorporate Paxton's business costs; that our priorities for the balance of the year will be to achieve a successful integration of our newly acquired Paxton operations, and to continue executing our business strategy while tightly managing the business; our perspective that current levels of housing and construction activity in North America are low relative to expected longer-term population and housing trends, and we believe that when a sustained economic recovery takes hold, prospects for our industry are attractive; our belief that the acquisition of Paxton will increase our future maintenance capital expenditure needs, and that additional annual capital expenditure requirements of approximately $0.5 million will be associated with maintaining the productive capacity of the Paxton business; that our debt management strategy is to roll and renew (as opposed to repay and retire) our revolving credit facilities in Canada and the US when they expire in August 2012 and May 2015, respectively; that we do not intend to restrict future dividends in order to fully extinguish our bank debt obligations upon their maturity; that the amount of bank debt that will actually be drawn on our available revolving credit facilities will depend upon the seasonal and cyclical needs of the business, and the cash generating capacity of HDI going forward; that when making future dividend decisions for HDI, we will consider the amount of financial leverage, and therefore

bank debt, we believe is appropriate given existing and expected market conditions and available business opportunities; that we do not target a specific financial leverage amount; and that we believe our current credit facilities are sufficient to finance our working capital needs and market expansion strategy..

The forecasts and projections that make up the forward-looking information are based on assumptions which include, but are not limited to: there are no material exchange rate fluctuations between the Canadian and US dollar that affect our performance; the general state of the economy does not worsen; we do not lose any key personnel; there are no decreases in the supply of, demand for, or market values of hardwood lumber or sheet goods that harm our business; we do not incur material losses related to credit provided to our customers; our products are not subjected to negative trade outcomes; we are able to sustain our level of sales and EBITDA margins; we are able to grow our business long term and to manage our growth; there is no new competition in our markets that leads to reduced revenues and profitability; we do not become subject to more stringent regulations; importation of products manufactured with hardwood lumber or sheet goods does not increase and replace products manufactured in North America; our management information systems upon which we are dependent are not impaired; our insurance is sufficient to cover losses that may occur as a result of our operations; and, the financial condition and results of operations of our business upon which we are dependent is not impaired.

The forward-looking information is subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. The factors which could cause results to differ from current expectations include, but are not limited to: exchange rate fluctuations between the Canadian and US dollar could affect our performance; our results are dependent upon the general state of the economy; we depend on key personnel, the loss of which could harm our business; decreases in the supply of, demand for, or market values of hardwood lumber or sheet goods could harm our business; we may incur losses related to credit provided to our customers; our products may be subject to negative trade outcomes; we may not be able to sustain our level of sales or EBITDA margins; we may be unable to grow our business long term to manage any growth; competition in our markets may lead to reduced revenues and profitability; we may become subject to more stringent regulations; importation of products manufactured with hardwood lumber or sheet goods may increase, and replace products manufactured in North America; we are dependent upon our management information systems; our insurance may be insufficient to

cover losses that may occur as a result of our operations; we are dependent upon the financial condition and results of operations of our business; our credit facilities affect our liquidity, contain restrictions on our ability to borrow funds, and impose restrictions on distributions that can be made by our operating limited partnerships; our future growth may be restricted by the payout of substantially all of our operating cash flow; and, other risks described in our Annual Information Form and this MD&A.

All forward-looking information in this MD&A is qualified in its entirety by this cautionary statement and, except as may be required by law, we undertake no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise after the date hereof.