

NEWS RELEASE: Via  
The Canadian Custom Disclosure Network  
FOR IMMEDIATE RELEASE  
March 11, 2009

Attention: Business/Financial Editors  
HARDWOODS DISTRIBUTION INCOME FUND  
TRADING SYMBOL: **Toronto Stock Exchange – HWD.UN**

## Hardwoods Distribution Income Fund Announces Customer Loss

Langley, B.C., March 11, 2009/ CNW/ –Hardwoods Distribution Income Fund (the “Fund”) today announced that one of its largest customers, Monaco Coach Corporation (“Monaco”), had filed for Chapter 11 bankruptcy protection in the United States. Monaco’s bankruptcy filing caused the Fund to reevaluate the expected recoverability of accounts receivable owing from Monaco, and to reassess the market value of specialized inventory specifically held to service the requirements of this long term customer.

As a result of this process, the Fund determined that an additional allowance for doubtful accounts, and a write-down in the carrying value of inventory, was warranted. The Fund estimates a charge to earnings of Cdn\$1.8 million will be recorded in the Fund’s fourth quarter of 2008 related to this matter. After reflecting this additional charge to earnings, the Fund’s US operating subsidiary would no longer be in compliance with the financial covenant contained in its US credit agreement, which requires the US subsidiary to maintain a certain fixed charge coverage ratio. However, the US subsidiary has been advised by its US lender that the lender will waive the writedowns associated with the Monaco bankruptcy when calculating the fixed charge coverage ratio, which is expected to result in the US subsidiary remaining in compliance with its financial covenant.

"It is unfortunate that the challenging economic climate in the United States has caused one of our long term customers to cease operations and seek bankruptcy protection", commented Maurice Paquette, President and Chief Executive Officer. "Market conditions remain very difficult for our customers, and this elevates our credit risk. Although Monaco is just one of our approximately 2000 active accounts, they were one of our largest customers, comprising approximately 3.4% of the Fund’s annual sales in 2008. We notified our lender of an anticipated covenant default, and are pleased that they have agreed to work closely with us to resolve this matter," said Paquette.

The Fund’s 2008 fourth quarter financial results are scheduled to be released after market close on March 25, 2009.

## **About the Fund**

Hardwoods Distribution Income Fund is an unincorporated, open-ended, limited purpose trust established to hold, indirectly, an 80% interest in the securities of Hardwoods Specialty Products LP and Hardwoods Specialty Products USLP (collectively, "Hardwoods"). The Fund was launched on March 23, 2004, with the completion of an initial public offering of 14,410,000 units.

## **About Hardwoods**

Hardwoods is one of North America's largest distributors of high-grade hardwood lumber and sheet goods to the cabinet, moulding, millwork, furniture and specialty wood products industries. Hardwoods operates 29 distribution centres in the U.S. and Canada.

## **Forward-Looking Information**

Certain statements in this press release 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 press release includes, but is not limited to: it is estimated a charge to earnings of Cdn\$1.8 million will be recorded in the Fund's fourth quarter of 2008 financial statements as a result of reevaluating the expected recoverability of accounts receivable owing from Monaco, and reassessing the market value of specialized inventory specifically held to service the requirements of Monaco; our lender will waive the writedowns associated with the Monaco bankruptcy when calculating the fixed charge coverage ratio, which is expected to result in the US subsidiary remaining in compliance with its financial covenant; and, market conditions remain very difficult for our customers, and this elevates our credit risk.

The forecasts and projections that make up the forward-looking information are based on assumptions which include, but are not limited to: that we will not collect any of the Cdn\$1.8 million charged to earnings; and, that our lender intends to provide us with a waiver in respect of the writedowns associated with the Monaco bankruptcy when calculating the fixed charge coverage ratio, which is expected to result in the US subsidiary remaining in compliance with its financial covenant.

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: we may recover all or a portion of the amounts receivable by us from Monaco and may sell the specialized inventory at historical values; that our lender does not provide us with a waiver in respect of the

writedowns associated with the Monaco bankruptcy when calculating the fixed charge coverage ratio, and that as a result, the US subsidiary does not comply with the fixed charge coverage ratio; that our lender exercises their rights and remedies during the continuance of any defaults under the US credit agreement and that, in such an event, a replacement facility cannot be obtained in order to permit the repayment of indebtedness under the US credit agreement, or that, if such a replacement facility is obtained, that it will not be obtained at costs, or on terms and conditions, comparable to those of our current US bank indebtedness; and, other risks described in the Fund's Annual Information Form and other continuous disclosure documents.

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

For further information:

Rob Brown  
Chief Financial Officer  
Phone: (604) 881-1990  
Fax: (604) 881-1995  
Email: [robbrown@hardwoods-inc.com](mailto:robbrown@hardwoods-inc.com)