UNI-SELECT®

2014 INTERIM REPORT Q1

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UNI-SELECT

Interim Management Discussion and Analysis

as at March 31, 2014

HIGHLIGHTS

(In US dollars)

Sales	Adjusted EBITDA	Adjusted Earnings
$413.1 million	$20.8 million	$9.7 million

- **Consolidated organic growth of 1.7% in 2014 (1.0% for US operations and 3.8% for Canadian operations). Overall consolidated sales decreased by 2.1%, mainly in relation to the sales lost from store closures in the US operations and the declining Canadian dollar.**
- **Adjusted EBITDA increased by 20.4% to $20.8 million (or 5.0% of sales) from $17.3 million (or 4.1% of sales) last year. EBITDA improvements are mainly related to savings generated by the Action Plan.**
- **Adjusted earnings increased by 39.0% from $7.0 million last year to $9.7 million in 2014, also benefiting from the Action Plan savings.**
- **Inventory decreased by $30.0 million from $532.0 million to $502.0 million as a direct result of the Action Plan.**
- **Free cash flow was $13.7 million compared to $6.3 million last year, due to the EBITDA growth.**

	First quarter		
(in thousands of US dollars, except per share amounts and percentages)	2014	2013	%
OPERATING RESULTS			
Sales	413,077	421,820	(2.1)
Adjusted EBITDA (1) (2)	20,836	17,311	20.4
Adjusted EBITDA margin	*5.0%*	*4.1%*	
EBITDA (1)	18,602	15,928	16.8
Adjusted earnings (2)	9,723	6,995	39.0
Net earnings	8,388	6,144	36.5
Free cash flow	13,740	6,288	41.4
COMMON SHARE DATA			
Adjusted earnings	0.46	0.33	39.4
Net earnings	0.39	0.29	38.0
Dividend (C$)	0.13	0.13	
Number of shares outstanding	21,263,669	21,465,070	
Weighted average number of outstanding shares	21,263,669	21,500,108	
FINANCIAL POSITION	March 31, 2014	Dec. 31, 2013	
Working capital	433,260	417,465	
Total assets	1,193,802	1,205,891	
Total net debt	297,174	277,658	
Total equity	488,670	488,755	
Adjusted return on average total shareholders' equity	*10.4%*	*9.8%*	
Book value per share	22.98	22.99	

(1) EBITDA represents operating profits before finance costs, depreciation and amortization, equity income and income taxes. (*Refer to the "Non-IFRS financial measures" section for further details.)*

(2) EBITDA and net earnings have been adjusted for costs that the Corporation views as uncharacteristic of normal operations. These costs are therefore excluded to provide comparable measures. (*Refer to the ''Non-IFRS financial measure'' section for further details.)*

PRELIMINARY COMMENTS TO THE MANAGEMENT DISCUSSION AND ANALYSIS

BASIS OF PRESENTATION OF THE MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis discusses the Corporation's operating results and cash flows for the periods ended March 31, 2014 compared with those of the period ended March 31, 2013, as well as its financial position as at March 31, 2014 compared with its financial position as at December 31, 2013. This report should be read in conjunction with the 2013 Consolidated Financial Statements and accompanying notes included in the 2013 Annual Report. The information contained in this Management Discussion and Analysis takes into account all major events that occurred up to April 30, 2014, the date at which the financial statements and Management Discussion and Analysis were approved by the Corporation's Board of Directors. It presents the existing Corporation's status and business as per Management's best knowledge as at that date.

Additional information on Uni-Select, including the audited Consolidated Financial Statements and the Corporation's Annual Information Form, is available on the SEDAR website at sedar.com.

In this Management Discussion and Analysis, "Uni-Select" or the "Corporation" refers, as the case may be, to Uni-Select Inc., its subsidiaries, divisions and joint ventures. "Beck/Arnley" designates Beck/Arnley Worldparts, Inc. and "FinishMaster" designates FinishMaster, Inc., both of which are wholly-owned subsidiaries.

Unless otherwise specified, the financial data presented in this Management Discussion and Analysis, including tabular information, is expressed in thousands of US dollars, except per share amounts and percentages. Comparisons are presented in relation to the comparable periods of the prior year.

The financial statements contained in the present Management Discussion and Analysis were prepared in accordance with International Financial Reporting Standards ("IFRS"). These financial reports were not audited by the Corporation's external auditors.

FORWARD-LOOKING STATEMENTS

The Management Discussion and Analysis is intended to assist investors in understanding the nature and importance of the results and trends, as well as the risks and uncertainties associated with Uni-Select's operations and financial position.

Certain sections of this Management Discussion and Analysis contain forward-looking statements within the meaning of securities legislation concerning the Corporation's objectives, projections, estimates, expectations or forecasts.

Forward-looking statements involve known and unknown risks and uncertainties, which may cause actual results in future periods to differ materially from forecasted results. Risks that could cause the results to differ materially from expectations are discussed in the "Risk Management" section of the 2013 Annual Report. Those risks include, among others, competitive environment, consumer purchasing habits, vehicle fleet trends, general economic conditions and the Corporation's financing capabilities.

There can be no assurance as to the realization of the results, performance or achievements expressed or implied by forward-looking statements. Unless required to do so pursuant to applicable securities legislation, Management assumes no obligation as to the updating or revision of forward-looking statements as a result of new information, future events or other changes.

COMPLIANCE WITH IFRS

The information included in this report contains certain measures that are inconsistent with IFRS. Non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and are, therefore, unlikely to be comparable to similar measures presented by other entities. The Corporation considers that users of its Management Discussion and Analysis may analyze its results based on these measurements.

(Details in section "Non IFRS financial measures.")

PROFILE AND DESCRIPTION

A MULTINATIONAL COMPANY IN THE AUTOMOTIVE AFTERMARKET

Founded in 1968, Uni-Select is a major distributor of replacement parts and paint products in the North American automotive aftermarket. With its 5,500 employees, 56 distribution centres and 422 corporate stores, the Corporation serves a large network of independent wholesalers and installers in Canada and the United States.

Uni-Select's clientele consists of 3,200 independent wholesalers, tens of thousands of repair and collision repair shops, national and regional accounts, and consumers. A key link in the supply chain that connects manufacturers, wholesalers and installers, Uni-Select offers a vast selection of products that includes 2 million replacement parts and accessories for domestic vehicles and over 27,000 Beck/Arnley products for foreign nameplate vehicles. It also offers 30,000 paint and related products, as well as equipment and tools for shops.

Uni-Select is a leader in Canada and the fifth-largest automotive parts distributor in North America. It is also the largest independent paint distributor in North America. The Corporation generates 72% of its sales in the United States and 28% in Canada.

ACTION PLAN AND RESTRUCTURATION

During the quarter, the Action Plan progressed as per schedule with the opening of distribution centre in the Washington D.C. area, while closing two distribution centres, one unprofitable store and reducing headcount. The following table summarizes the expected and realized impacts of the various initiatives included in the Action Plan as of March 31, 2014:

	Expected				Realized		
	2013	**2014**	**2015**	**Total**	2013	**2014**	**Since implementation**
Sales erosion	20,000	45,000	5,000	**70,000**	13,100	**11,700**	**24,800**
Cost savings	10,000	15,000	5,000	**30,000**	13,000	**5,600**	**18,600**
Restructuring charges and write-off of assets							
Recorded	36,000	-	-	**36,000**	35,180	**-**	**35,180**
As incurred	4,000	5,000	-	**9,000**	4,143	**1,820**	**5,963**
Inventory reduction	8,000	22,000	10,000	**40,000**	4,200	**9,000**	**13,200**
Capital expenditures	7,000	9,000	-	**16,000**	2,357	**-**	**2,357**

As at March 31, 2014, $13,979 of these charges is presented as current liabilities within "Provision for restructuring charges and others" in the Corporation's Consolidated Statements of Financial Position. *(Refer to Note 6 in the Interim Consolidated Financial Statements for further details).*

ANALYSIS OF CONSOLIDATED RESULTS

	First quarter		
	2014	2013	%
Sales			
United States	310,597	315,588	(1.6)
Canada	102,480	106,232	(3.5)
	413,077	421,820	(2.1)
EBITDA	18,602	15,928	16.8
EBITDA Margin	*4.5%*	*3.8%*	
Expenses related to the development and deployment of the enterprise resource planning system (ERP) (1)	414	961	
Expenses related to the network optimization and to the closure and disposal of stores (2)	1,820	422	
	2,234	1,383	
Adjusted EBITDA	20,836	17,311	20.4
Adjusted EBITDA Margin	*5.0%*	*4.1%*	

(1) Mainly include costs related to data conversion, employee training and deployment to various sites. Last deployment made in December 2013.
(2) Primarily consist of expenses required to relocate inventory.

SALES

Sales decreased by 2.1% compared to the same period last year. Sales lost from store closures, in line with the Action Plan, represented a decrease of 2.7% while the declining Canadian dollar corresponded to a decrease of 2.2%. These negative factors were not entirely compensated by the organic growth and an additional billing day in Canada. Sales in the United States were also impacted by weather-related interruptions.

The overall organic growth represents 1.7%. The US and Canadian operations posted organic growth of 1.0% and 3.8% respectively. Organic growth results from the successful sales initiatives and the recruitment of new customers. It is also attributed to improved service level permitted by the ERP system efficiency.

ADJUSTED EBITDA

The adjusted EBITDA margin was 5.0% of sales compared to 4.1% for the same quarter last year.

The increase was mainly attributable to savings of $5,600 derived from the Action Plan, such as closure of unprofitable locations and headcount reductions, while maintaining the same level of service. Organic growth generating gross profits and tighter control on expenses also contributed to the increase.

These positive items were partly offset by a negative distribution channel mix, lower vendor incentives and higher utilities such as electricity, gas and snow removal caused by the weather conditions across North America.

ANALYSIS OF OTHER ITEMS AND AMOUNTS RELATED TO THE CONSOLIDATED RESULTS

FINANCE COSTS, NET

	First quarter	
	2014	2013
Finance costs, net	3,040	4,069

The decrease in finance costs for the quarter compared to the same quarter of 2013 is due primarily to the following items:

- Interest rates reduction resulting from the termination of swap tranches bearing interest at higher rates; and
- Debt reduction.

(Refer to Note 4 in the Interim Consolidated Financial Statements for further details.)

DEPRECIATION AND AMORTIZATION

	First quarter	
	2014	2013
Depreciation and amortization	7,596	7,544

The increase in depreciation and amortization for the quarter over the same quarter of 2013 is mainly related to the amortization of intangible assets related to the ERP systems combined with the depreciation of the vehicle fleet renewal and is partly compensated by certain property and equipment and other intangible assets that have reached the end of their useful life.

(Refer to Note 5 in the Interim Consolidated Financial Statements for further details.)

EQUITY INCOME

	First quarter	
	2014	2013
Equity income	501	558

The decrease is primarily due to the sale of a partnership in a joint venture during the fourth quarter of 2013 combined with the impact of the declining Canadian dollar.

INCOME TAX EXPENSES (RECOVERY)

	First quarter	
	2014	2013
Income tax expenses (recovery)	79	(1,271)

The income tax variance for the quarter is mainly related to higher results and their different geographical distributions compared to the same quarter last year.

(Refer to Note 7 in the Interim Consolidated Financial Statements for further details.)

EARNINGS AND EARNINGS PER SHARE

The following table presents a reconciliation of adjusted earnings and adjusted earnings per share.

	First quarter		
	2014	2013	%
Net earnings attributable to shareholders, as reported	8,388	6,144	36.5
Non-recurring items, net of taxes	1,335	851	
Adjusted earnings	9,723	6,995	39.0
Net earnings per share attributable to shareholders, as reported	0.39	0.29	38.0
Non-recurring items, net of taxes	0.06	0.04	
Adjusted earnings per share	0.46	0.33	39.4

The effect of the declining Canadian dollar was $0.01 on the earnings per share.

CONSOLIDATED QUARTERLY OPERATING RESULTS

The Corporation records earnings in each quarter; however, the second and third quarters have historically generated higher sales than the first and fourth quarters. It should be noted that net earnings were negatively impacted by restructuring charges and others during the third quarter of 2012 in the amount of $18,458 ($11,543 net of income taxes), while additional restructuring charges and others impacted the second quarter of 2013 by $35,180 ($23,926 net of income taxes).

The following table summarizes the main financial information drawn from the consolidated interim financial report for each of the last eight quarters.

	2014	2013				2012 [(1)]		
	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter
Sales								
United States	310,597	304,907	334,090	339,530	315,588	298,499	330,095	337,361
Canada	102,480	120,673	130,419	136,646	106,232	119,741	127,248	139,387
	413,077	425,580	464,509	476,176	421,820	418,240	457,343	476,748
Adjusted EBITDA	20,836	24,475	30,079	29,320	17,311	12,310	24,672	31,221
Adjusted EBITDA margin	*5.0%*	*5.8%*	*6.5%*	*6.2%*	*4.1%*	*2.9%*	*5.4%*	*6.5%*
EBITDA	18,602	19,818	28,847	27,786	15,928	10,398	23,270	29,524
Restructuring charges, write-off of assets and others	-	-	-	35,180	-	-	18,458	-
Adjusted earnings	9,723	13,117	14,987	15,561	6,995	5,708	11,359	15,998
Net earnings	8,388	10,199	14,280	(9,295)	6,144	4,499	(1,078)	14,936
Adjusted basic earnings per share	0.46	0.62	0.70	0.72	0.33	0.26	0.53	0.74
Basic earnings per share	0.39	0.48	0.67	(0.43)	0.29	0.21	(0.05)	0.69
Diluted earnings per share	0.39	0.48	0.66	(0.43)	0.29	0.21	(0.05)	0.68
Dividends paid per share (C$)	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
Average exchange rate for earnings	0.91:$1	0.95:$1	0.96:$1	0.98:$1	0.99:$1	1.01:$1	1.00:$1	0.99:$1

(1) 2012 has been restated to take into account the changes in accounting policies as per IFRS 11 ”Joints Arrangements” and as per the amended IAS 19 “Employee Benefits”.

CASH FLOWS

CASH FROM OPERATING ACTIVITIES

	First quarter	
	2014	2013
Cash flows from operating activities	7,242	10,556

Increase in net earnings was partially offset by an increase of trade receivables and higher tax installments, while the reduction of trade payables is in relation to inventory returns. For the same quarter last year, the Corporation generated cash flow by taking advantage of longer payment terms, compared to December 31, 2012.

CASH FROM INVESTING ACTIVITIES

	First quarter	
	2014	2013
Cash flows used in investing activities	(24,031)	(6,705)

During the first quarter of 2014, cash was used mainly for business acquisitions.

CASH FROM FINANCING ACTIVITIES

	First quarter	
	2014	2013
Cash flows from (used in) financing activities	16,799	(3,878)

The variance is explained by increased usage of the credit facility during the first quarter of 2014 to support acquisitions and the working capital.

FREE CASH FLOW

	First quarter	
	2014	2013
EBITDA	18,602	15,928
Interest paid	(3,123)	(4,927)
Income taxes paid	(4,036)	(732)
Acquisitions of property and equipment	(1,504)	(4,452)
Other non-cash items	3,801	471
Free cash flow	13,740	6,288

The increase in free cash flow is mainly due to the increase in EBITDA, decrease of net interest paid due to lower interest rates and lower acquisitions of property and equipment. These were partially offset by higher income tax installments.

FINANCING

CREDIT FACILITIES

The Corporation has a total credit facility available for its needs of $400,000. The date of maturity is January 7, 2017.

As at March 31, 2014, the unused portion amounted to $94,000 ($120,000 as at December 31, 2013).

(For more information about the credit facility, see Note 16 of the 2013 Consolidated Financial Statements.)

VENDOR FINANCING PROGRAM

The Corporation benefits from a vendor financing program. Under this program, financial institutions make discounted accelerated payments to suppliers, and the Corporation makes full payment to the financial institution according to the new extended payment term agreements with the suppliers.

As at March 31, 2014, Uni-Select deferred payment of account payables in the amount of $93,097 and used $115,515 of the program ($100,064 and $122,772 respectively as at December 31, 2013). The authorized limit with the financial institutions is $222,500. These amounts are presented in the trade and other payables in the Consolidated Statement of Financial Position. This program is available upon request and may be modified by either party.

CAPITAL STRUCTURE

The Corporation's capital management strategy optimizes the capital structure to enable the Corporation to benefit from strategic opportunities that may arise while minimizing related costs and maximizing returns to shareholders. The Corporation adapts capital management to changing business conditions, and the risks related to the underlying assets.

LONG-TERM FINANCIAL POLICIES AND GUIDELINES

The strategy of the Corporation is to maintain the following policies and guidelines to ensure flexibility in the capital structure:

- Total net debt to total net debt and total shareholders' equity of less than 45%
- Long-term debt to total shareholders' equity ratio of less than 125%
- Funded debt to EBITDA ratio at a maximum of 3.50
- Return on average total shareholders' equity of at least 9% greater than the risk-free interest rate
- Dividend payout ratio target between 20% and 25% of the adjusted earnings of the previous year.

		March 31, 2014	Dec. 31, 2013
Components of debt ratios:			
Long-term debt		297,239	277,715
Total net debt		297,174	277,658
Total shareholders' equity *(including convertible debentures)*		533,926	535,584
	Objectives		
Debt ratios [(1)]:			
Total net debt to total net debt and total shareholders' equity ratio	*Less than 45%*	*35.8%*	*34.1%*
Long-term debt to total shareholders' equity ratio	*Less than 125%*	*55.7%*	*51.9%*
Funded debt to EBITDA ratio	*Maximum 3.50*	*3.13*	*3.01*
Adjusted return on average total shareholders' equity	*At least 9% greater than the risk free interest rate*	*10.4%*	*9.8%*
Dividend payout ratio	*Between 20% and 25% of the adjusted earnings of the previous year*	*21.9%*	*24.5%*

(1) These ratios do not constitute the calculations and ratios required in banking commitments but rather those that the Corporation considers pertinent to follow as a way of ensuring flexibility in the capital structure.

The Corporation's Management continuously reviews its working capital items to eventually improve the funded debt to EBITDA ratio under the level of 3.00.

The *total net debt to total net debt and total shareholders' equity ratio*, as well as the *long-term debt to total shareholders' equity ratio*, varied due to a temporary debt increase during the quarter.

The *funded debt to EBITDA ratio* variation is attributed to a higher level of debt partly offset by an increase in EBITDA.

The *adjusted return on average total shareholders' equity* increased as a direct effect of the Corporation's higher adjusted net earnings.

(For further details on how the Corporation calculates those ratios, see the section on "Non-IFRS financial measures.")

BANK COVENANTS

For purposes of compliance, the Corporation regularly monitors the requirements of its bank covenants to ensure they are met. As at March 31, 2014, the Corporation met all the requirements.

DIVIDENDS

On February 27, 2014, the Corporation declared the first quarterly dividend of 2014 of C$0.13 per share, payable on April 22, 2014 to shareholders of record as at March 31, 2014.

On April 30, 2014, the Corporation declared the second quarterly dividend of 2014 of C$0.15 per share, payable on July 22, 2014 to shareholders of record as at June 30, 2014.

The dividends are eligible for income tax purposes.

INFORMATION ON CAPITAL STOCK

As at March 31, 2014, 21,263,669 shares of the Corporation were outstanding.

NORMAL COURSE ISSUER BID

There was no repurchase of common shares during the first quarter of 2014.

During the first quarter of 2013, the Corporation repurchased 86,100 common shares for cash consideration of $1,962 including a share repurchase premium of $1,565 applied as a reduction of retained earnings.

ISSUANCE OF SHARES

No shares were issued during the normal course of business in 2014 and in 2013.

STOCK-BASED COMPENSATION

The Corporation's stock-based compensation plans include an equity-settled common share stock option plan, and cash settled plans consisting of a deferred share unit plan and a performance share unit plan.

During the first quarter of 2014, 203,243 options were granted to management employees and officers of the Corporation (298,338 for the same period last year) with an exercise price of C$28.76 (C$22.90 in 2013).

As at March 31, 2014, options granted for the issuance of 524,066 common shares (358,338 as at March 31, 2013) were outstanding under the Corporation's stock option plan.

Compensation expense of $475 ($314 for 2013) was recorded in the net earnings for the period ended March 31, 2014, with the corresponding amounts recorded in "Contributed surplus."

Deferred share unit plan

For the period ended March 31, 2014, the Corporation granted 25,614 deferred share units ("DSUs") (11,985 DSUs for 2013). Compensation expense of $674 ($200 in 2013) was recorded during the period, and 70,207 DSUs were outstanding as at March 31, 2014 (23,441 as at March 31, 2013).

Performance share unit plan

For the period ended March 31, 2014, the Corporation granted 92,417 performance share units ("PSUs") (108,877 PSUs for 2013). Compensation expense of $369 ($178 in 2013) was recorded during the period, and 189,157 PSUs were outstanding as at March 31, 2014 (108,877 as at March 31, 2013).

(For more information about stock-based compensation, see Note 19 in the 2013 Consolidated Financial Statements.)

FINANCIAL POSITION

During the first quarter, the financial position when compared to December 31, 2013, has been impacted by the declining Canadian dollar and by business acquisitions.

The following table shows an analysis of the main variances in the Consolidated Statement of Financial Position.

	March 31, 2014	Dec. 31, 2013	**Impact of business acquisitions or disposals**	**Exchange rate impact**	**Net variance**	**Explanations for net variance**
Trade and other receivables	227,978	220,942	2,437	(2,874)	7,473	Increase in sales during the last month of the quarter and seasonality.
Inventory	501,956	532,045	3,435	(4,400)	(29,124)	Inventory reduction as per Action Plan.
Trade and other payables	(310,338)	(341,429)	(372)	4,470	26,993	Inventory returns to vendors and lower purchases.
Other working capital items	18,436	10,517	13	(220)	8,126	Higher tax installments during the quarter.
Working capital excluding cash, and instalments on long-term debt	438,032	422,075	5,513	(3,024)	13,468	
Intangibles assets	150,569	140,598	13,750	(611)	(3,168)	Amortization exceeded investments.
Long term debt (including short-term portion)	297,239	277,715	(19,786)	(7)	(255)	

RELATED-PARTY TRANSACTIONS

For the quarter ended March 31, 2014, the Corporation incurred rental expenses of $802 ($889 for 2013) to the benefit of Clarit Realty, Ltd., a company controlled by a related party. The associated lease payments were concluded in the Corporation's normal course of business for various terms of no more than five years.

Transactions with subsidiaries are eliminated on the Consolidated Financial Statements. The Corporation's significant ownership interests in subsidiaries did not change during the period.

(For more information about related-party transactions, see Note 24 in the 2013 Consolidated Financial Statements.)

RISK MANAGEMENT

In the normal course of business, the Corporation is exposed to a variety of risks that may have a material impact on its business activities, operating results, cash flows and financial position. Uni-Select continuously updates its system of analysis and of operational, strategic and financial risk control to manage and implement activities with objectives to mitigate the main risks mentioned in the 2013 Annual Report.

No significant change occurred during the first quarter of 2014 with respect to these risks.

ACCOUNTING POLICIES

ADOPTED IN 2014

FINANCIAL INSTRUMENTS: PRESENTATION

In December 2011, the IASB issued an amendment to IAS 32 "Financial Instruments: Presentation," focusing on the meaning of "currently has a legally enforceable right of set-off" and the application of simultaneous realization and settlement for applying the offsetting requirements. This amendment is effective for annual periods beginning on or after January 1, 2014. The Corporation has applied this amendment as of January 1, 2014, and this change had no impact on the Corporation's interim consolidated financial statements.

FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT

In June 2013, the IASB issued amendments to IAS 39 "Financial Instruments: Recognition and Measurement," permitting the continuation of hedge accounting in specific cases where a derivative instrument designed as a hedging instrument is novated to a derivative instrument cleared through a central counterparty in order to comply with local laws or regulations. These amendments are effective for annual periods beginning on or after January 1, 2014, with earlier adoption permitted. The Corporation has applied this amendment as of January 1, 2014, and this change had no impact on the Corporation's interim consolidated financial statements.

FUTURE ACCOUNTING CHANGES

At the date of authorization of these interim consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted earlier by the Corporation.

Information on new standards, amendments and interpretations that are expected to be relevant to the Corporation's interim consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Corporation's interim consolidated financial statements.

FINANCIAL INSTRUMENTS

In November 2009, the IASB issued IFRS 9 “Financial Instruments." It addresses classification and measurement of financial assets and replaces measurement models in IAS 39 “Financial Instruments: Recognition and Measurement” for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through net earnings.

IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through net earnings or at fair value through other comprehensive income. Where such equity instruments are either recognized at fair value through other comprehensive income, dividends, to the extent not clearly representing a return on investment, are recognized in net earnings; however, other gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

In November 2013, the IASB issued amendments to IFRS 9 “Financial Instruments," including a new chapter on hedge accounting replacing IAS 39 and improvements to the reporting of changes in the fair value of an entity’s own debt. The mandatory effective date of January 1, 2015 was also removed and has yet to be determined, but earlier adoption is still permitted.

The Corporation has not yet assessed the impact of this standard or determined whether it will adopt it earlier.

NON-IFRS FINANCIAL MEASURES

The information included in this report contains certain measures that are consistent with IFRS. Non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and are therefore, unlikely to be comparable to similar measures presented by other entities. The Corporation is of the view that users of its Management Discussion and Analysis may analyze its results based on these measurements.

The following table presents performance measures used by the Corporation which are not defined by IFRS.

Organic Growth	This measure consists of quantifying the increase in pro forma consolidated sales between two given periods, excluding the impact of acquisitions, sales and disposals of stores, exchange-rate fluctuations and when necessary, the variance in the number of billing days. This measure enables Uni-Select to evaluate the intrinsic trend in the sales generated by its operational base in comparison with the rest of the market. Determining the rate of organic growth, based on findings that Management regards as reasonable, may differ from the actual rate of organic growth.
EBITDA	This measure represents operating profit before finance costs, depreciation and amortization, restructuring charges, write-off of assets and others, equity income and income taxes. This measure is a financial indicator of a corporation’s ability to service and incur debt. It should not be considered by an investor as an alternative to sales or net earnings, as an indicator of operating performance or cash flows, or as a measure of liquidity, but as additional information.
EBITDA margin	The EBITDA margin is a percentage corresponding to the ratio of EBITDA to sales.

Adjusted EBITDA, adjusted earnings and adjusted earnings per share	Management uses adjusted EBITDA, adjusted earnings and adjusted earnings per share to assess EBITDA, net earnings and net earnings per share from operating activities, excluding certain adjustments, net of income taxes (for adjusted earnings and adjusted earnings per share), which may affect the comparability of the Corporation's financial results. Management considers that these measures are more representative of the Corporation's operational performance and more appropriate in providing additional information. These adjustments include, among other things, the non-capitalizable costs related to the development and implementation of the ERP system, costs related to the closure and disposal of stores, as well as restructuring charges, write-off of assets and others. The exclusion of these items does not indicate that they are non-recurring.
Free cash flow	This measure corresponds to EBITDA adjusted for the following items: other non-cash items according to the statement of cash flows, interest paid, income taxes paid and acquisitions of property and equipment. Uni-Select considers the free cash flow to be a good indicator of financial strength and of operating performance because it shows how much funds are available to manage growth in working capital, pay dividends, repay debt, reinvest in the Corporation and capitalize on various market opportunities that arise. The free cash flow excludes certain variations in working capital items (such as trade and other receivables, inventory and trade and other payables) and other funds generated and used according to the statement of cash flows. Therefore, it should not be considered as an alternative to the Consolidated Statement of Cash Flows, or as a measure of liquidity, but as additional information.
Total net debt	This measure consists of long-term debt, including the portion due within a year *(as shown in note 12 to the Interim Consolidated Financial Statements)* net of cash.
Total net debt to total net debt and total shareholders' equity ratio	This ratio corresponds to total net debt divided by the sum of total net debt, convertible debentures and total shareholders' equity.
Long-term debt to total shareholders' equity ratio	This ratio corresponds to long-term debt, including the portion due within a year *(as shown in note 12 to the Interim Consolidated Financial Statements)* divided by the sum of convertible debentures and total shareholders' equity.
Funded debt to EBITDA	This ratio corresponds to total net debt to EBITDA.
Adjusted return on average total shareholders' equity	This ratio corresponds to net earnings adjusted for restructuring charges, write-off of assets and others as well as the non-recurring expenses related to the network optimization and to the closure and disposal of stores, divided by average total shareholders' equity.

EXCHANGE RATE DATA

The following table sets forth information about exchange rates based upon rates expressed as US dollars per C$1.00:

	March 31, 2014	March 31, 2013
Average for the period		
For statement of earnings	0.91	0.99
	March 31, 2014	**Dec.31, 2013**
Period end		
For statement of financial position	0.90	0.94

As the Corporation uses the US dollar as its reporting currency, in its consolidated financial statements and in this document, unless otherwise indicated, results from its Canadian operations are translated into US dollars using the average rate for the period. Variances and explanations related to variations in the foreign exchange rate, and the volatility of the Canadian dollar are therefore related to the translation in US dollars of the Corporation's Canadian operations' results and do not have an economic impact on its performance since most of the Corporation's consolidated sales, and expenses are received or denominated in the functional currency of the markets in which it does business. Accordingly, the sensitivity of the Corporation's results to variations in foreign exchange rates is economically limited.

EFFECTIVENESS OF DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management plans and performs an audit of the Corporation's internal controls related to the Canadian Securities Authorities National Instrument 52-109 "*Certification of Disclosure in Issuer's Annual and Interim Filings"* (NI 52-109). These audits are performed in accordance with the recognized original COSO (Committee of Sponsoring Organizations of the Treadway Commission) control framework.

DISCLOSURE CONTROLS AND PROCEDURES

Uni-Select has pursued its evaluation of disclosure controls and procedures in accordance with the NI 52-109 guidelines. As at March 31, 2014, the President and Chief Executive Officer and the Executive Vice President, Corporate Services and Chief Financial Officer concluded that the Corporation's disclosure controls and procedures are properly designed and effective.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Uni-Select has continued its evaluation of the effectiveness of internal controls over financial reporting as at March 31, 2014, in accordance with the NI 52-109 guidelines. This evaluation enabled the President and Chief Executive Officer and the Executive Vice President, Corporate Services and Chief Financial Officer to conclude that internal controls over financial reporting were designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Over the years, a number of compensatory controls have been added to the various automated controls over the systems in place to offset the risks that could be caused by interfaces between systems that are being changed.

There has been no change in the Corporation's internal control over financial reporting that occurred since December 2013 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

OUTLOOK

During the following quarters of 2014, Uni-Select will focus on its 2012-2015 Strategic Plan centred on customer service, sales, operations and operating margin. More specifically, the Corporation will:

- Continue to execute its 2013 Action Plan to optimize its operations by reducing its inventory level and achieving its cost reduction objectives. The Action Plan is expected to be completed by the end of 2014;
- Pursue its organic growth by recruiting new customers, intensifying enrolment to its banner programs, leveraging business opportunities in the paint distribution sector and improving its product offering;
- Improve EBITDA margin by taking advantage of the Action Plan and the ongoing cost reduction initiatives, leveraging its enterprise resource planning system and refining its pricing strategy.

Management is confident that these initiatives will contribute to improve its profitability, allowing further growth and debt reduction.

Richard G. Roy, FCPA, FCA

President and Chief Executive Officer

Denis Mathieu, CPA, CA, MBA

Executive Vice President, Corporate Services and Chief Financial Officer

Approved by the Board of Directors on April 30, 2014.

Interim Consolidated Financial Statements

(unaudited)

as at March 31, 2014

CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands of US dollars, except per share amounts, unaudited)	Note	Three-month periods ended March 31, 2014	2013
Sales		**413,077**	421,820
Earnings before the following items:		**18,602**	15,928
Finance costs, net	4	**3,040**	4,069
Depreciation and amortization	5	**7,596**	7,544
Earnings before equity income and income taxes		**7,966**	4,315
Equity income		**501**	558
Earnings before income taxes		**8,467**	4,873
Income tax expense (recovery)	7		
Current		**3,001**	(700)
Deferred		**(2,922)**	(571)
		79	(1,271)
Net earnings attributable to shareholders		**8,388**	6,144
Earnings per share basic and diluted	8	**0.39**	0.29
Weighted average number of common shares outstanding (in thousands)	8		
Basic		**21,264**	21,500
Diluted		**21,320**	21,500

The Consolidated Statement of Earnings by nature is presented in Note 17.

The accompanying notes are an integral part of these interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands of US dollars, unaudited)	Three-month periods ended March 31,	
	2014	2013
Net earnings	**8,388**	6,144
Other comprehensive income		
Items that will subsequently be reclassified to net earnings:		
Effective portion of changes in the fair value of cash flow hedges (net of income tax of $24 ($107 in 2013))	**(73)**	291
Net change in the fair value of derivative financial instruments designated as cash flow hedges transferred to earnings (net of income tax of $42 ($98 in 2013))	**122**	266
Unrealized exchange gains on the translation of financial statements to the presentation currency	**5,268**	4,823
Unrealized exchange losses on the translation of debt designated as a hedge of net investments in foreign operations	**(9,197)**	(6,773)
	(3,880)	(1,393)
Items that will not subsequently be reclassified to net earnings:		
Remeasurements of long-term employee benefit obligations (net of income tax of $664 ($372 in 2013))	**(2,393)**	993
Total other comprehensive loss	**(6,273)**	(400)
Comprehensive income attributable to shareholders	**2,115**	5,744

The accompanying notes are an integral part of these interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of US dollars, unaudited)	Note	Share capital	Contributed surplus	Equity component of the convertible debentures	Retained earnings	Accumulated other comprehensive income (loss)	Total equity
		Attributable to shareholders					
Balance, December 31, 2012		**88,563**	**392**	**1,687**	**384,902**	**8,661**	**484,205**
Net earnings		-	-	-	6,144	-	6,144
Other comprehensive income (loss)		-	-	-	993	(1,393)	(400)
Comprehensive income (loss)		-	-	-	7,137	(1,393)	5,744
Contributions by and distributions to shareholders:							
Share repurchases	9	(397)	-	-	(1,565)	-	(1,962)
Dividends		-	-	-	(2,724)	-	(2,724)
Stock-based compensation	10	-	314	-	-	-	314
		(397)	314	-	(4,289)	-	(4,372)
Balance, March 31, 2013		**88,166**	**706**	**1,687**	**387,750**	**7,268**	**485,577**
Balance, December 31, 2013		**87,271**	**1,332**	**1,687**	**394,716**	**3,749**	**488,755**
Net earnings		-	-	-	8,388	-	8,388
Other comprehensive loss		-	-	-	(2,393)	(3,880)	(6,273)
Comprehensive income (loss)		-	-	-	5,995	(3,880)	2,115
Contributions by and distributions to shareholders:							
Dividends		-	-	-	(2,675)	-	(2,675)
Stock-based compensation	10	-	475	-	-	-	475
		-	475	-	(2,675)	-	(2,200)
Balance, March 31, 2014		**87,271**	**1,807**	**1,687**	**398,036**	**(131)**	**488,670**

The accompanying notes are an integral part of these interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of US dollars, unaudited)	Note	Three-month periods ended March 31,	
		2014	2013
OPERATING ACTIVITIES			
Net earnings		**8,388**	6,144
Non-cash items:			
Finance costs, net		**3,040**	4,069
Depreciation and amortization		**7,596**	7,544
Income tax expense (recovery)	7	**79**	(1,271)
Other non-cash items		**3,801**	471
Changes in working capital items		**(8,503)**	(742)
Interest paid		**(3,123)**	(4,927)
Income taxes paid		**(4,036)**	(732)
Cash flows from operating activities		**7,242**	10,556
INVESTING ACTIVITIES			
Business acquisitions	11	**(19,786)**	(953)
Balances of purchase price		**(162)**	(116)
Advances to merchant members		**(3,768)**	(3,108)
Receipts on investments and advances to merchant members		**2,050**	2,476
Acquisitions of property and equipment		**(1,504)**	(4,452)
Disposals of property and equipment		**140**	176
Acquisitions and development of intangible assets		**(1,001)**	(728)
Cash flows used in investing activities		**(24,031)**	(6,705)
FINANCING ACTIVITIES			
Increase in long-term debt		**32,413**	196,939
Repayment of long-term debt		**(13,055)**	(195,613)
Merchant members' deposits in the guarantee fund		**116**	(503)
Share repurchases	9	**-**	(1,962)
Dividends paid		**(2,675)**	(2,739)
Cash flows from (used in) financing activities		**16,799**	(3,878)
Effects of fluctuations in exchange rates on cash		**(2)**	(2)
Net increase (decrease) in cash		**8**	(29)
Cash, beginning of period		**57**	122
Cash, end of period		**65**	93

The accompanying notes are an integral part of these interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In thousands of US dollars, unaudited)	Note	March 31, 2014	Dec. 31, 2013
ASSETS			
Current assets:			
Cash		**65**	57
Trade and other receivables		**227,978**	220,942
Income taxes receivable		**23,334**	16,883
Inventory		**501,956**	532,045
Prepaid expenses		**11,580**	11,417
Total current assets		**764,913**	781,344
Equity investments and advances to merchant members		**35,169**	36,855
Property and equipment		**47,969**	49,494
Intangible assets		**150,569**	140,598
Goodwill		**182,944**	184,449
Deferred tax assets		**12,238**	13,151
TOTAL ASSETS		**1,193,802**	1,205,891
LIABILITIES			
Current liabilities:			
Trade and other payables		**310,338**	341,429
Provision for restructuring charges and others	6	**13,979**	15,185
Dividends payable		**2,499**	2,598
Current portion of long-term debt and merchant members’ deposits in the guarantee fund		**4,837**	4,667
Total current liabilities		**331,653**	363,879
Long-term employee benefit obligations		**21,476**	19,561
Long-term debt	12	**292,518**	273,165
Convertible debentures		**45,256**	46,829
Merchant members’ deposits in the guarantee fund		**6,836**	6,988
Derivative financial instruments		**825**	890
Deferred tax liabilities		**6,568**	5,824
TOTAL LIABILITIES		**705,132**	717,136
EQUITY			
Share capital	9	**87,271**	87,271
Contributed surplus		**1,807**	1,332
Equity component of the convertible debentures		**1,687**	1,687
Retained earnings		**398,036**	394,716
Accumulated other comprehensive income (loss)		**(131)**	3,749
TOTAL EQUITY		**488,670**	488,755
TOTAL LIABILITIES AND EQUITY		**1,193,802**	1,205,891

The accompanying notes are an integral part of these interim consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars, except per share amounts, percentages and otherwise specified) (unaudited)

1 - GOVERNING STATUTE AND NATURE OF OPERATIONS

Uni-Select Inc. ("Uni-Select") is a corporation domiciled in Canada and duly incorporated and governed by the Business Corporations Act (Québec). Uni-Select is the parent company of a group of entities, which includes Uni-Select and its subsidiaries (collectively, the "Corporation"). The Corporation is a major distributor of replacement parts, equipment, tools and accessories and paint and related products for motor vehicles. The Corporation's registered office is located at 170 Industriel Blvd., Boucherville, Québec, Canada.

These interim consolidated financial statements present the operations and financial position of the Corporation and all of its subsidiaries as well as the Corporation's interests in jointly controlled entities.

The Corporation's shares are listed on the Toronto Stock Exchange ("TSX") under the symbol UNS.

2 - BASIS OF PRESENTATION

Statement of compliance

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements. As permitted under IAS 34 "Interim Financial Reporting," these interim consolidated financial statements constitute a condensed set of financial statements, as the Corporation does not present all the notes to financial statements included in its annual report. To avoid repetition of previously reported information, the Corporation deemed it unnecessary to include such information. These interim consolidated financial statements are intended to provide an update on the latest complete set of annual financial statements and should therefore be read in conjunction with the Corporation's audited annual consolidated financial statements for the year ended December 31, 2013.

The accounting policies followed in these interim consolidated financial statements are the same as those applied in the audited annual consolidated financial statements of the Corporation for the year ended December 31, 2013, except for the changes in accounting policies as described in note 3. The Corporation has consistently applied the same accounting policies for all the periods presented.

The Board of Directors approved these interim consolidated financial statements on April 30, 2014.

Basis of measurement

These interim consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments, which are measured at fair value, provisions, which are measured based on the best estimates of the expenditures required to settle the obligation and the post-employment benefit obligations which are measured at the present value of the defined-benefit obligation, adjusted for unrecognized past service costs and reduced by the net value of plan assets.

Functional and presentation currency

Items included in the financial statements of each of the Corporation's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Corporation's functional currencies are the Canadian dollar for entities located in Canada, and the US dollar for entities located in the United States. These interim consolidated financial statements are presented in US dollars, which is the Corporation's presentation currency.

Use of accounting estimates and judgments

The preparation of financial statements in accordance with IFRS requires Management to apply judgment and to make estimates and assumptions that affect the amounts recognized in the financial statements and notes to the financial statements. Judgment is commonly used in determining whether a balance or transaction should be recognized in the financial statements and estimates and assumptions are more commonly used in determining the measurement of recognized transactions and balances. However, judgment and estimates are often interrelated.

The most significant uses of judgment, estimates and assumptions are described in the Corporation's audited consolidated financial statements for the year ended December 31, 2013.

3 - CHANGES IN ACCOUNTING POLICIES

ADOPTED IN 2014

(i) Financial instruments: Presentation

In December 2011, the IASB issued an amendment to IAS 32 “Financial Instruments: Presentation," focusing on the meaning of “currently has a legally enforceable right of set-off” and the application of simultaneous realization and settlement for applying the offsetting requirements. This amendment is effective for annual periods beginning on or after January 1, 2014. The Corporation has applied this amendment as of January 1, 2014, and this change had no impact on the Corporation’s interim consolidated financial statements.

(ii) Financial instruments: Recognition and measurement

In June 2013, the IASB issued amendments to IAS 39 “Financial Instruments: Recognition and Measurement," permitting the continuation of hedge accounting in specific cases where a derivative instrument designed as a hedging instrument is novated to a derivative instrument cleared through a central counterparty in order to comply with local laws or regulations. These amendments are effective for annual periods beginning on or after January 1, 2014, with earlier adoption permitted. The Corporation has applied this amendment as of January 1, 2014, and this change had no impact on the Corporation’s interim consolidated financial statements.

FUTURE ACCOUNTING CHANGES

At the date of authorization of these interim consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted earlier by the Corporation.

Information on new standards, amendments and interpretations that are expected to be relevant to the Corporation’s interim consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Corporation’s interim consolidated financial statements.

(i) Financial instruments

In November 2009, the IASB issued IFRS 9 “Financial Instruments." It addresses classification and measurement of financial assets and replaces measurement models in IAS 39 “Financial Instruments: Recognition and Measurement” for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through net earnings.

IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through net earnings or at fair value through other comprehensive income. Where such equity instruments are either recognized at fair value through other comprehensive income, dividends, to the extent not clearly representing a return on investment, are recognized in net earnings; however, other gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

In November 2013, the IASB issued amendments to IFRS 9 “Financial Instruments," including a new chapter on hedge accounting replacing IAS 39 and improvements to the reporting of changes in the fair value of an entity’s own debt. The mandatory effective date of January 1, 2015 was also removed and has yet to be determined, but earlier adoption is still permitted.

The Corporation has not yet assessed the impact of this standard or determined whether it will adopt it earlier.

4 - FINANCE COSTS, NET

	Three-month periods ended March 31, 2014	2013
Interest on long-term debt	**1,846**	2,264
Interest on convertible debentures	**692**	757
Accreted interest on convertible debentures	**104**	111
Amortization of financing costs	**301**	320
Interest on the net defined benefit obligation	**220**	281
Interest on merchant members' deposits in the guarantee fund and others	**35**	42
Reclassification of realized losses to net earnings on derivative financial instruments designated as cash flow hedges	**164**	364
Total finance costs	**3,362**	4,139
Interest income from merchant members and others	**(322)**	(70)
Total finance costs, net	**3,040**	4,069

5 - DEPRECIATION AND AMORTIZATION

	Three-month periods ended March 31, 2014	2013
Depreciation of property and equipment	**2,972**	3,258
Amortization of intangible assets	**4,624**	4,286
Total depreciation and amortization	**7,596**	7,544

6 - PROVISION FOR RESTRUCTURING CHARGES AND OTHERS

	Three-month period ended March 31, 2014	Year ended Dec. 31, 2013
Balance, beginning of period	**15,185**	4,392
Restructuring charges and others recognized during the period	**-**	17,642
Provision used during the period	**(1,162)**	(6,813)
Effects of fluctuations in exchange rates	**(44)**	(36)
Balance, end of period	**13,979**	15,185

7 - INCOME TAXES

Reconciliation of the income tax expense (recovery)

The following table presents a reconciliation of income taxes at the combined Canadian statutory income tax rates applicable in the jurisdictions in which the Corporation operates to the amount of reported income taxes in the Consolidated Statements of Earnings:

	Three-month periods ended March 31,	
	2014	2013
Income taxes at the Corporation's statutory tax rate – 26.90% (27.23% in 2013)	**2,278**	1,327
Effect of tax rates in foreign jurisdictions	**183**	(220)
Tax benefit from a financing structure	**(2,154)**	(2,353)
Non-deductible expenses	**(23)**	171
Others	**(205)**	(196)
Income tax expense (recovery) reported in the Consolidated Statements of Earnings	**79**	(1,271)

8 - EARNINGS PER SHARE

The following table presents a reconciliation of basic and diluted earnings per share:

	Three-month periods ended March 31,	
	2014	2013
Net earnings attributable to shareholders considered for basic and diluted earnings per share(1)	**8,388**	6,144
Weighted average number of common shares outstanding for basic earnings per share	**21,263,669**	21,500,108
Impact of the stock options(2)	**56,750**	-
Weighted average number of common shares outstanding for diluted earnings per share(1)	**21,320,419**	21,500,108
Earnings per share (basic and diluted)	**0.39**	0.29

(1) For the three-month period ended March 31, 2014, 1,239,224 weighted average common shares issuable on the conversion of convertible debentures (1,239,224 for the three-month period ended March 31, 2013) were excluded from the calculation of diluted earnings per share as the exercise price of the convertible debentures was higher than the average market price of the shares.

(2) For the three-month period ended March 31, 2014, 50,000 weighted average common shares issuable on the exercise of stock options (358,338 for the three-month period ended March 31, 2013) were excluded from the calculation of diluted earnings per share as the exercise price of the options was higher than the average market price of the shares.

9 - SHARE CAPITAL

Repurchase of Common Shares

There was no repurchase of common shares during the first quarter of 2014. During the first quarter of 2013, the Corporation repurchased 86,100 common shares for cash consideration of $1,962 including a share repurchase premium of $1,565 applied as a reduction of retained earnings. As a result of the share repurchases, 21,465,070 common shares were outstanding as at March 31, 2013.

Dividends

Dividends of C$0.13 per common share were declared by the Corporation for the three-month period ended March 31, 2014 (C$0.13 for 2013).

10 - STOCK-BASED COMPENSATION

The Corporation's stock-based compensation plans include an equity-settled common share stock option plan, and cash settled plans consisting of a deferred share unit plan and a performance share unit plan.

During the first quarter of 2014, 203,243 options were granted to management employees and officers of the Corporation (298,338 for the same period last year) with an exercise price of C$28.76 (C$22.90 in 2013).

As at March 31, 2014, options granted for the issuance of 524,066 common shares (358,338 as at March 31, 2013) were outstanding under the Corporation's stock option plan.

Compensation expense of $475 ($314 for 2013) was recorded in the net earnings for the period ended March 31, 2014, with the corresponding amounts recorded in "Contributed surplus."

Deferred share unit plan

For the period ended March 31, 2014, the Corporation granted 25,614 deferred share units ("DSUs") (11,985 DSUs for 2013). Compensation expense of $674 ($200 in 2013) was recorded during the period, and 70,207 DSUs were outstanding as at March 31, 2014 (23,441 as at March 31, 2013).

Performance share unit plan

For the period ended March 31, 2014, the Corporation granted 92,417 performance share units ("PSUs") (108,877 PSUs for 2013). Compensation expense of $369 ($178 in 2013) was recorded during the period, and 189,157 PSUs were outstanding as at March 31, 2014 (108,877 as at March 31, 2013).

11 - BUSINESS COMBINATIONS

In the normal course of business, the Corporation acquires the assets and liabilities of companies. During the three-month period ended March 31, 2014, the Corporation acquired the assets and liabilities of 3 companies operating in the United States.

The total cost of these acquisitions of $20,158 was preliminary allocated to the acquired assets and liabilities based on their fair value. The aggregate fair value amounts recognized for each class of the acquiree's assets and liabilities at the acquisition dates were as follows:

	March 31, 2014
Trade and other receivables	**2,450**
Inventory	**3,435**
Property, plant and equipment	**139**
Intangible assets	**13,750**
Other non-current assets	**384**
Total cost	**20,158**
Balance of purchase price	**(372)**
Net disbursement	**19,786**

12 - LONG-TERM DEBT

	Maturity	Effective interest rate	Current portion	March 31, 2014	Dec. 31, 2013
Revolving facility, variable rates, designated as a hedge of net investments in foreign operations – $290,200 ($265,888 as at December 31, 2013)	2017	1.91% to 4.50%	**-**	**282,134**	262,747
Finance leases, variable rates	-	-	**4,716**	**15,070**	14,930
Others	2021	-	**5**	**35**	38
			4,721	**297,239**	277,715
Instalments due within a year				**4,721**	4,550
Long-term debt				**292,518**	273,165

(1) The interest rates reflect the derivative financial instruments designated as interest rate hedges as described in Note 14.

13 - POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Corporation sponsors both defined benefit and defined-contribution pension plans.

For the three-month period ended March 31, 2014, the employee benefits expense related to the Corporation's defined-benefit pension plans was $742 ($856 for 2013), and the net interest expense of $220 ($281 for 2013) was recorded in "Finance costs, net." Employee benefits expense of $528 ($464 for 2013) related to the Corporation's defined-contribution pension plans was also recognized for the same period.

14 - FINANCIAL INSTRUMENTS

The classification of financial instruments as well as their carrying amounts and fair values, are summarized as follows:

		March 31, 2014			December 31, 2013	
		Carrying amount	**Fair value**		Carrying amount	Fair value
Financial assets classified as loans and receivables						
Advances to merchant members	**Level 3**	**29,843**	**29,843**	Level 3	30,675	30,675
Financial liabilities carried at amortized cost						
Long-term debt (except finance leases)	**Level 2**	**282,169**	**282,169**	Level 2	262,785	262,785
Convertible debentures	**Level 1**	**45,256**	**47,789**	Level 1	46,829	49,577
Financial liabilities carried at fair value						
Derivative financial instruments	**Level 2**	**825**	**825**	Level 2	890	890
Other liabilities						
Finance leases	**Level 2**	**15,070**	**15,070**	Level 2	14,930	14,930

14 - FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets classified as loans and receivables

The fair value of cash and trade receivables approximate their carrying amount given that they will mature shortly. The Corporation classified those financial assets as Level 1, as their fair values are determined using quoted market prices.

The fair value of advances to merchant members approximate their carrying amount given that they result from transactions not observable in the market. The Corporation classified those financial assets as Level 3.

Financial liabilities carried at amortized cost

The fair value of trade and other payables, and dividends payable approximate their carrying amount given that they will mature shortly. The Corporation classified those financial liabilities as Level 2 and Level 1 respectively, as their fair values are determined using observable market data and quoted market prices respectively.

The fair value of long-term debt (except finance leases) has been determined by calculating the present value of the interest rate spread that exists between the actual credit facility and the rate that would be negotiated with the economic conditions at the reporting date. As at March 31, 2014, the fair value of long-term debt approximates its carrying value as the effective interest rates applicable to the Corporation's credit facility reflect current market conditions.

The fair value of the convertible debentures, as set out above, was determined using their bid price at the end of the period.

The fair value of merchant members' deposits in the guarantee fund could not be determined given that they result from transactions not observable in the market. The Corporation classified those financial liabilities as Level 3.

Financial liabilities carried at fair value

The fair value of the interest rate swaps was determined using quoted prices for similar assets or liabilities.

Other liabilities

The fair value of finance leases has been determined by calculating the present value of the interest rate spread that exists between the actual credit facility and the rate that would be negotiated with the economic conditions at the reporting date. As at March 31, 2014, the fair value of finance leases approximates its carrying value as the effective interest rates applicable to the Corporation's credit facility reflect current market conditions.

Fair value hierarchy

Financial instruments measured at fair value in the Statement of Financial Position are classified according to the following hierarchy:

- Level 1: consists of measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: consists of measurement techniques based mainly on inputs, other than quoted prices (included within Level 1), that are observable either directly or indirectly in the market, and;
- Level 3: consists of measurement techniques that are not based mainly on observable market data.

Derivative financial instruments used in cash flow hedges

In 2011, the Corporation entered into swap agreements to hedge the variable interest cash flows related to forecasting transactions beginning in 2012 on a portion of the Corporation's revolving credit for a nominal amount at inception and as at March 31, 2014 of $80,000. These interest rate swaps fix the interest cash flows at 0.97% until their maturity in 2016. The cash flows related to the interest rate swaps are expected to occur in the same periods as they are expected to affect the net earnings.

The fair values of the interest rate swaps are calculated using quotes for similar instruments at the reporting date and represent an amount payable by the Corporation of $825 as at March 31, 2014 ($890 as at December 31, 2013).

15 - RELATED PARTIES

For the three-month period ended March 31, 2014, the Corporation incurred rental expenses of $802 ($889 for 2013) to the benefit of Clarit Realty, Ltd., a company controlled by a related party. The associated lease payments were concluded in the Corporation's normal course of business for various terms of no more than five years.

16 - GEOGRAPHIC INFORMATION

The Corporation assesses its performance using earnings before depreciation and amortization, restructuring charges, write-off of assets and others, finance costs, equity income and income taxes.

The Corporation considers its distribution of replacement parts, equipment, tools and accessories and paint and related products for motor vehicles as a single operating segment.

The Corporation operates in Canada and the United States. The primary financial information per geographic location is as follows:

	Three-month periods ended March 31,	
	2014	2013
Sales		
United States	**310,597**	315,588
Canada	**102,480**	106,232
Total	**413,077**	421,820

			March 31, 2014
	United States	**Canada**	**Total**
Property and equipment	**36,388**	**11,581**	**47,969**
Intangible assets	**134,531**	**16,038**	**150,569**
Goodwill	**144,807**	**38,137**	**182,944**

			December 31, 2013
	United States	Canada	Total
Property and equipment	36,674	12,820	49,494
Intangible assets	124,544	16,054	140,598
Goodwill	144,807	39,642	184,449

17 - CONSOLIDATED STATEMENT OF EARNINGS BY NATURE

	Note	Three-month periods ended March 31,	
		2014	2013
Sales		**413,077**	421,820
Operating expenses			
Employee benefits		**68,755**	74,437
Purchases, net of changes in inventories		**288,436**	291,769
Other expenses		**37,284**	39,686
		394,475	405,892
Earnings before depreciation and amortization, finance costs, equity income and income taxes		**18,602**	15,928
Depreciation and amortization	5	**7,596**	7,544
Operating profit		**11,006**	8,384
Finance costs, net	4	**3,040**	4,069
		7,966	4,315
Equity income		**501**	558
Income tax expense (recovery)	7		
Current		**3,001**	(700)
Deferred		**(2,922)**	(571)
		79	(1,271)
Net earnings attributable to shareholders		**8,388**	6,144
Earnings per share basic and diluted	8	**0.39**	0.29
Weighted average number of common shares outstanding (in thousands)	8		
Basic		**21,264**	21,500
Diluted		**21,320**	21,500

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