

# Consolidated Interim Report

# 2



2<sup>nd</sup> quarter  
Period ended June 30, 2009

**TABLE OF CONTENTS**
**Management report**

<b>1. Discontinued Operations</b>	<b>3</b>
<b>2. Financial Highlights</b>	<b>4</b>
<b>3. Description of the Activities of the Company</b>	<b>5</b>
<b>4. Compliance with GAAP</b>	<b>5</b>
<b>5. Quarterly Results</b>	<b>7</b>
<b>6. Discussion and Analysis of Consolidated Results</b>	<b>8</b>
<b>7. Discussion and Analysis of Segmented Results</b>	<b>10</b>
<b>8. Discussion and Analysis of Other Items and Amounts</b>	<b>13</b>
<b>9. Cash flows</b>	<b>14</b>
<b>10. Financial Position</b>	<b>15</b>
<b>11. Capital Resources</b>	<b>16</b>
<b>12. Risk Management</b>	<b>17</b>
<b>13. Changes in Accounting Policies</b>	<b>17</b>
<b>14. Future Accounting Standards</b>	<b>17</b>
<b>15. Effectiveness of Disclosure Controls and Procedures and Internal Control over Financial Reporting</b>	<b>19</b>
<b>16. Outlook</b>	<b>19</b>
<b>17. Signature and Date</b>	<b>19</b>
<b>Financial Statements</b>	<b>20</b>
<b>Notes to Financial Statements</b>	<b>25</b>



Head Office  
 170 Industriel Boulevard  
 Boucherville, Quebec  
 J4B 2X3  
 Tel. : (450) 641-2440  
 Fax : (450) 449-4908  
 Internet : [www.uni-select.com](http://www.uni-select.com)

Ticker Symbol  
 UNS, Toronto Stock Exchange

Investor Relations  
 Mr. Denis Mathieu, CA, Vice President and Chief  
 Financial Officer  
 Tel : (450) 641-6905

**INTRODUCTION**

This Management Report on the operating results and cash flows of the Company for the period ended June 30, 2009 compared to the period ended June 30, 2008 and on its financial position for the period ended June 30, 2009 compared to December 31, 2008 should be read in conjunction with the consolidated financial statements and accompanying notes. The information contained in this Management Report takes into account any major event that occurred prior to August 5, 2009, on which date the financial statements and Management Report were approved by the Board of Directors of the Company. It presents the status and business context of the Company as they were, to management's best knowledge, at the time these lines were written.

Additional information on Uni-Select, including the audited financial statements as of December 31, 2008 and the Annual Information Form of the Company, is available on SEDAR's website at: [www.sedar.com](http://www.sedar.com).

In this Management Report, "Uni-Select" or the "Company" designates, as the case may be, Uni-Select Inc., or its subsidiaries, divisions or joint ventures. Unless otherwise indicated, all financial amounts appearing in this Management Report, including tabular amounts, are expressed in thousands of Canadian dollars, and all comparisons are made with the previous period.

Certain sections of this Management Report contain forward-looking statements which, by their very nature, include risks and uncertainties, such that actual results could differ from those indicated in these forward-looking statements. Unless required to do so pursuant to applicable securities legislation, management assumes no obligation as to the updating or revision of the forward-looking statements as a result of new information, future events or other changes.

The interim financial statements for the period ended June 30, 2009 have not been reviewed by the auditors of the Company.

**SUMMARY**

**Excluding discontinued operations, as described in Point 1, Uni-Select recorded sales of \$384,161 in the second quarter of 2009, up 20.9% from the same quarter in 2008. Uni-Select's earnings from continuing operations increased by 21.6% over the same period last year, to \$16,029, or \$0.81 per share. These results indicate that, despite greater pressure on sales and margins due to tough economic conditions, the productivity improvement programs and the cost and asset control measures implemented in the previous quarters are bearing fruit. These results also reflect a contribution from acquisitions and the effects of the favourable exchange rate variation between the Canadian and U.S. currencies.**

## 1. DISCONTINUED OPERATIONS

---

Over the last few years, the Heavy Duty Group has been affected negatively by economic conditions. The slowdown in the Quebec manufacturing sector, together with the tough economic conditions prevailing across Canada in the last few quarters, have contributed to reductions in operating fleets and distances travelled, leading to lower sales and heavy pressure on margins.

Management has concluded that, despite efforts taken to implement sales, cost-reduction and margin-improvement programs, these changes were more structural than cyclical in nature and would have required a major strategic repositioning. Accordingly, management determined that operations in the Heavy Duty Group no longer fit in with the Company's long-term development plans.

On July 16, 2009, the Company reached agreements for the disposal of certain assets of its Palmar Inc. subsidiary, which constitutes all of the Heavy Duty Group segment. These transactions should generate a net cash inflow of about \$22,000 and a non-recurring net loss of approximately \$5,000 that will be recorded in the third quarter. This estimated loss results mainly from future rents due on various leases and from transaction-related costs. Proceeds from the sale will be used to reduce debt and the corresponding interest expense, providing for greater flexibility in business development.

Pursuant to Section 3475 of the CICA Handbook, titled *Disposal of Long-lived Assets and Discontinued Operations*, the group's operating results have been reclassified and presented in the consolidated statement of earnings as a *Loss Related to Discontinued Operations*, while the assets and liabilities of Palmar Inc. as at June 30, 2009, have been reclassified and presented in the consolidated balance sheet under *Assets or Liabilities Related to Discontinued Operations*.

**2. FINANCIAL HIGHLIGHTS OF THE SECOND QUARTER (related to continuing operations)**

(in thousands of dollars, except for per-share amounts and percentages)						
	Second Quarter ended			Six-month periods ended		
	June 30, 2009	June 30 2008	%	June 30 2009	June 30 2008	%
Sales	<b>384,161</b>	317,685	20.9 %	<b>735,005</b>	586,369	25.3 %
Operating income (EBITDA)	<b>31,618</b>	25,017	26.4 %	<b>52,327</b>	40,662	28.7 %
<i>EBITDA margin</i>	<b>8.2 %</b>	7.9%		<b>7.1 %</b>	6.9%	
Earnings before income taxes and non-controlling interest	<b>26,137</b>	20,924	24.9 %	<b>40,763</b>	32,141	26.8 %
Earnings from continuing operations	<b>16,029</b>	13,179	21.6 %	<b>25,023</b>	20,083	24.6 %
Net earnings	<b>15,408</b>	12,689	21.4 %	<b>23,421</b>	18,750	24.9 %
<b>COMMON SHARE DATA</b>						
Earnings and diluted earnings per share from continuing operations	<b>0.81</b>	0.67		<b>1.27</b>	1.02	
Earnings and diluted earnings per share	<b>0.78</b>	0.64		<b>1.19</b>	0.95	
Dividend paid per share	<b>0.117</b>	0.108		<b>0.225</b>	0.215	
Number of shares issued and outstanding	<b>19,714,128</b>	19,727,958		<b>19,714,128</b>	19,727,958	
Weighted average number of outstanding shares	<b>19,711,550</b>	19,731,769		<b>19,704,677</b>	19,734,163	
<b>FINANCIAL POSITION</b>				<b>June 30 2009</b>	Dec 31. 2008	
Working capital				<b>466,299</b>	477,593	
Total assets				<b>853,963</b>	874,084	
Total net indebtedness				<b>210,608</b>	208,276	
Long-term debt to shareholders' equity ratio				<b>5.9 %</b>	58.4 %	
Funded debt to EBITDA				<b>2.04</b>	2.25	
Total net debt on invested capital				<b>35.5 %</b>	35.8 %	
Return on shareholders' equity				<b>14.3 %</b>	13.6 %	
Book value per share				<b>19.40</b>	18.92	

### 3. DESCRIPTION OF THE ACTIVITIES OF THE COMPANY

---

**Founded in 1968, Uni-Select Inc. (“Uni-Select” or the “Company”) is a leader in the distribution of automotive replacement parts and accessories in Canada, and the seventh largest in the United States. Following the disposal of the Heavy Duty Group segment, Uni-Select’s business is now segmented into two distinct reportable sectors:**

- **Automotive Group Canada**, comprised of various subsidiaries, joint ventures and divisions, specializes in the distribution of automotive replacement parts, tools and accessories across Canada. Its customer base consists primarily of 541 independent jobbers serving installers and collision repair centres, as well as large national chains of installers. Through its 6 distribution centres and 7 satellite warehouses located in all of Canada’s major regions, Automotive Group Canada manages some 350,000 different products, mainly national brands, which it sources from a pool of North American and international manufacturers. Besides distribution services, the group provides merchant members with a broad selection of services on a menu basis, including several differentiating marketing programs under distinctive banners, training activities, IT management tools, financing and various programs aimed at supporting its customers’ operations and expansion. Automotive Group Canada also operates 20 corporate stores.

- **Automotive Group USA** is comprised of two subsidiaries. Firstly, Uni-Select USA, Inc. is a subsidiary owned 87.0% by the Company, which conducts similar operations as those of Automotive Group Canada in the United States. This group, which made a major acquisition toward the end of the third quarter of 2008, currently operates 27 distribution centres, 24 satellite warehouse and 269 corporate stores in 27 different states. This network provides it with coverage of approximately 70% of the U.S. registered vehicle fleet. Automotive Group USA serves some 2,300 independent merchants to whom it offers a large selection of products and services. Secondly, Beck/Arnley Worldparts, Inc. incorporated in 2008 to purchase the assets of another distributor of parts for foreign nameplate vehicles, will be the cornerstone for the strategic deployment of this segment of the market in North America.

### 4. COMPLIANCE WITH CANADIAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

---

Unless otherwise indicated, the financial information presented in this Management Report is prepared in accordance with Canadian Generally Accepted Accounting Principles (“GAAP”). The information contained in this report includes some figures that are not performance measures consistent with GAAP.

For instance, the Company uses the “organic growth” measure, which consists of quantifying the increase in consolidated and segmented sales between two given periods, excluding the impact of acquisitions, strategic alliances and exchange rate fluctuations. Uni-Select uses this measure because it enables the Company to judge the intrinsic trend in the sales generated by its operational base in comparison with the rest of the market. The determination of the organic growth rate, which is based on reasonable assumptions according to Management, could differ from actual organic growth rates. This measure may also not correspond to similarly titled measures used by other companies.

Uni-Select also uses “EBITDA”, which represents operating income before depreciation, amortization, interest, income taxes and non-controlling interest, because this measure is a widely accepted financial indicator of a company’s ability to service and incur debt. It should not be considered by an investor as an alternative to operating income or net earnings, as an indicator of operating performance or cash flows, or as a measure of liquidity, but as additional information. Because EBITDA is not a measurement defined by Canadian GAAP, it may not be comparable to the EBITDA of other companies. In the Company’s statement of earnings, EBITDA corresponds to “Earnings before the following items”. The EBITDA margin corresponds to the percentage of EBITDA divided by sales.

Furthermore, to measure the return on its assets, the Company uses the “return on average net assets” measure. This measure consists of earnings before interest, less related taxes, divided by average net assets which correspond to total assets less non-interest-bearing debt, such as accounts payable, dividends payable and future income taxes.

The Company also uses “total net indebtedness”, which consists of bank indebtedness, long-term debt and merchant members’ deposits in a guarantee fund (including current portions), net of cash and cash equivalents. It also uses the “total net debt to total invested capital ratio”; this ratio corresponds to the percentage of total net debt divided by the sum of total net debt and

shareholders' equity. These two measurements are not defined by GAAP and may, therefore, not be comparable to similarly titled measures used by other companies. They are used by Uni-Select because they are widely accepted indicators of a company's short and long-term financial health.

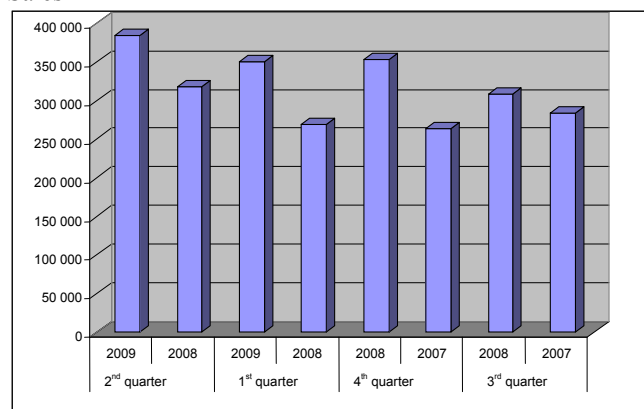
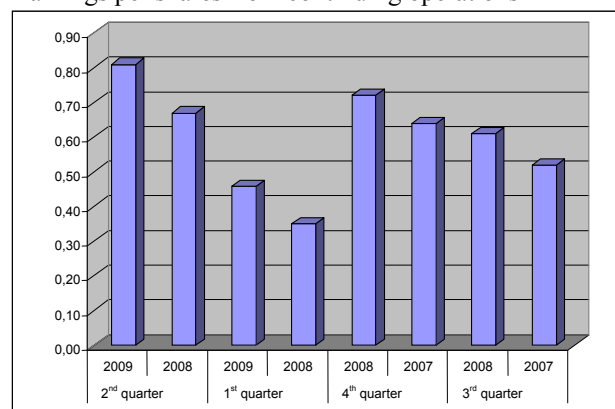
Finally, the Company uses the "funded debt to EBITDA" ratio which corresponds to bank indebtedness, long-term debt and merchant members' deposits in guarantee funds (including current portions) to EBITDA.

**5. CONSOLIDATED QUARTERLY OPERATING RESULTS (related to continuing operations)**

The following table summarizes the main financial information contained in the consolidated interim financial statements for each of the last eight quarters.

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

	2 <sup>nd</sup> quarter		1 <sup>st</sup> quarter		4 <sup>th</sup> quarter		3 <sup>rd</sup> quarter	
	2009	2008	2009	2008	2008	2007	2008	2007
Sales	<b>384,161</b>	317,685	350,844	268,684	353,021	263,907	308,163	283,648
Operating income (EBITDA)	<b>31,618</b>	25,017	20,709	15,645	27,808	21,977	23,195	19,965
<i>EBITDA margin</i>	<b>8.2%</b>	7.9%	5.9 %	5.8 %	7.9 %	8.3 %	7.5 %	7.0 %
Earnings from continuing operations	<b>16,029</b>	13,179	8,994	6,904	14,288	12,651	11,911	10,352
Net earnings	<b>15,408</b>	12,689	8,013	6,061	14,816	13,080	12,354	10,258
Basic and diluted earnings per share from continuing operations	<b>0.81</b>	0.67	0.46	0.35	0.72	0.64	0.61	0.52
Basic and diluted earnings per share	<b>0.78</b>	0.64	0.41	0.31	0.75	0.66	0.63	0.52
Dividends per share	<b>0.117</b>	0.108	0.108	0.108	0.108	0.108	0.108	0.108

**Sales**

**Earnings per shares from continuing operations**


**6. DISCUSSION AND ANALYSIS OF CONSOLIDATED RESULTS (related to continuing operations)**

(in thousands of dollars except for percentages)

	Second quarter			Year-to-date		
	2009	2008	%	2009	2008	%
Sales	<b>384,161</b>	317,685	20.9%	<b>735,005</b>	586,369	25.3%
EBITDA	<b>31,618</b>	25,017	26.4%	<b>52,327</b>	40,662	28.7%
EBITDA margin	<b>8.2%</b>	7.9%		<b>7.1%</b>	6.9%	
EBITDA margin excluding recent acquisitions	<b>8.7%</b>	7.9%		<b>7.7%</b>	6.9%	

**Sales**

The 20.9% increase in sales in the second quarter is explained as follows:

- Sales generated by acquisitions completed in the previous quarters account for an increase of 16.2%;
- The effects of the exchange rate variation between the Canadian and U.S. currencies, which had a positive impact of 8.1% on sales in the quarter;

Partially offset by:

- The closing of stores that are unprofitable and/or that are in regions with little growth potential;
- The disposal of 10 stores in Canada during the quarter;
- One less billing day in Canada.

Excluding these items, consolidated organic growth was neutral.

**Operating income**

The EBITDA margin improved to 8.2% of sales, compared with 7.9% for the corresponding period of 2008. Excluding the impact of U.S. acquisitions in 2008, the integration of which is not complete, the margin stood at 8.7%; the contribution of these acquisitions will only be felt fully in the next two fiscal years. The 0.8% increase in the EBITDA margin is due mainly to the following factors:

- A higher gross margin following:
  - Improved buying conditions both in the United States and in Canada;
  - Inflation in certain product lines in Canada, including inventories acquired in the first quarter in the expectation of higher supplier prices;
- A reduction in expenses resulting from costs controls produced by the following initiatives:
  - The implementation of various action plans instituted in the previous quarters and the realization of synergies resulting from Canadian and U.S. acquisitions;
  - Lower delivery costs in the United States following the reorganizing of delivery routes, combined with the decrease in fuel prices.
- The closing of stores that are unprofitable, mainly in the United States in regions with little growth potential;
- The disposal of stores in Canada that generated an EBITDA margin below that of the group as a whole in the same period of the previous year.

Partially offset by:

- Pressure on gross margins in the United States resulting from increased competition in certain markets and from the U.S. economic situation;



- An absence of price increases on products in the United States compared to the previous fiscal year.

**ANALYSIS OF THE YEAR TO DATE:****Sales**

The increase of \$148,636, or 25.3%, in sales for the six-month period is explained by the same factors mentioned for the quarter. Sales generated by the acquisitions completed in previous quarters account for 18.4%, and the variation in currency exchange rates between the Canadian and U.S. currencies had a positive impact of 10.2%. Excluding these factors, organic growth was 0.1%.

**Operating income**

The increase to 7.7% in the EBITDA margin, excluding recent acquisitions, is due essentially to the factors stated for the quarter. The disposal of stores in Canada and inflation in certain product lines in Canada had a lesser impact over the six-month period because they occurred mostly in the second quarter.

**7. DISCUSSION AND ANALYSIS OF SEGMENTED RESULTS**
**7.1 Automotive Group USA**

(in thousands of dollars, except for percentages)

	Second quarter			Year-to-date		
	2009	2008	%	2009	2008	%
Sales	<b>241,541</b>	168,181	43.6%	<b>474,477</b>	318,100	49.2%
EBITDA	<b>17,199</b>	12,037	42.9%	<b>29,997</b>	21,214	41.4%
EBITDA margin	<b>7.1%</b>	7.2%		<b>6.3%</b>	6.7%	
EBITDA margin excluding recent acquisitions	<b>7.6%</b>	7.2%		<b>7.1%</b>	6.7%	

**Sales**

Sales for the Automotive Group USA advanced 43.6% compared to the corresponding quarter in the previous year. This increase is explained as follows:

- Sales growth generated by the acquisitions completed in the previous quarters represent a 30.7% increase;
- The effects of the exchange rate variation between the Canadian and U.S. currencies had a positive impact of 15.3% on sales.

Partially offset by:

- The closing of stores that are unprofitable and/or that are in regions with little growth potential;
- The loss of a major client due to the tightening of credit policies early in 2008.

Excluding these items, organic growth in the quarter was nil.

**Operating income**

The EBITDA margin for the second quarter amounted to 7.1% of sales, compared to 7.2% for the corresponding period in 2008. Excluding the impact of the 2008 acquisitions, the integration of which is not complete, the margin stood at 7.6%. It should be noted that the contribution from acquisitions will only be felt fully in the next two fiscal years. The results of the first two quarters do not yet show the full benefit from the synergies linked to the integration of assets acquired from Parts Depot. The EBITDA margin of Automotive Group USA rose 0.4%, for the following reasons:

- Tight spending controls subsequent to the following initiatives:
  - Adherence to the continuous-improvement program instituted in the previous quarters;
  - Synergies related to recent acquisitions, in particular the reorganization of distribution activities in the Philadelphia area;
  - Lower delivery costs following the reorganization of delivery routes, combined with the decrease in fuel costs;
- Improved buying conditions;
- The closing of stores that are unprofitable in regions with little growth potential;

Partially offset by:

- Pressure on gross margins resulting from increased competition in certain markets, the tough economic conditions that persist in the United States, and an absence of inflation in the cost of products.

**ANALYSIS OF THE YEAR TO DATE:****Sales**

Automotive Group USA experienced sales growth of \$156,377, or 49.2%, for the six-month period compared with the corresponding period of the previous year. This increase is explained by the same factors mentioned for the quarter. The sales generated by the acquisitions completed in the previous quarters account for 33.8%, and the effects of the exchange variation between the Canadian and U.S. currencies had a positive impact of 18.7%. Excluding these factors and the occurrence of one less billing day, organic growth was 0.4%.

**Operating income**

Excluding the impact of the 2008 acquisitions, the integration of which is not complete, operating income stood at 7.1%, up 0.4% over the same period of the previous year. This rise is explained by the same trends as those observed in the quarter.

**7.2 Automotive Group Canada**

(in thousands of dollars, except for percentages)

	Second quarter			Year-to-date		
	2009	2008	%	2009	2008	%
Sales	<b>142,620</b>	149,504	(4.6%)	<b>260,528</b>	268,269	(2.9%)
EBITDA	<b>14,419</b>	12,980	11.1%	<b>22,330</b>	19,448	14.8%
EBITDA margin	<b>10.1%</b>	8.7%		<b>8.6%</b>	7.2%	

**Sales**

Organic growth of 0.1%, due, in particular, to strong performance in the eastern part of the country, was offset by the disposal of 10 stores during the quarter, as well as one less billing day than in 2008, causing a net sales decline of 4.6%.

**Operating income**

The second-quarter margin of Automotive Group Canada rose by 1.4%. This improvement in the EBITDA margin is explained by the following factors:

- A higher gross margin following:
  - An improvement in buying conditions;
  - Inflation in certain product lines, in particular on inventories acquired in the first quarter in expectation of higher supplier prices;
- The integration and realization of synergies related to the acquisitions completed in 2008;
- The previously mentioned disposal of stores that generated an EBITDA margin below that of the group as a whole during the same period in the previous year.

**ANALYSIS OF THE YEAR TO DATE:**
**Sales**

An organic decline of 0.3% resulted, in particular, from the economic slowdown affecting the country's western regions. Sales fell by 2.9% overall due to the disposal of 10 stores during the quarter and to one less billing day than in 2008.

**Operating income**

The contribution of Automotive Group Canada in the six-month period rose by 1.4%. The same trends prevailed as in the current quarter, with the disposal of stores that took place in the second quarter having a lesser impact over the six-month period.

**8. DISCUSSION AND ANALYSIS OF OTHER ITEMS AND AMOUNTS RELATING TO CONSOLIDATED RESULTS (related to continuing operations)**

(in thousands of dollars, except for percentages)

	Second quarter			Year-to-date		
	2009	2008	%	2009	2008	%
Interest	2,150	1,486	44.7%	4,443	3,290	35.1%
Amortization	3,331	2,607	27.8%	7,121	5,231	36.1%
Income taxes	9,028	6,834	32.1%	13,689	10,468	30.8%
Tax rate	34.5%	32.7%		33.6%	32.6%	

**8.1 Interest**

The rise in interest costs during the second quarter, as well as for the six-month period, is explained by a higher debt level than last year due to the acquisitions of businesses completed in 2008, partially offset by lower interest rates.

**8.2 Amortization**

The rise in amortization costs for the second quarter, as well as for the six-month period, is due to the acquisitions of businesses completed in 2008 and to the acquisition of fixed assets in 2008, mainly to modernize management systems and to renew the vehicle fleet in the United States.

**8.3 Income taxes**

The effective tax rate rose by 1.8% in the second quarter and by 1.0% for the six-month period. This increase is explained by a geographic weighting different from that in 2008 and by non-recurring items in the second quarter of 2008, partially offset by a decrease in the Canadian federal tax rate and by the restructuring completed in the United States in 2008, with the latter having a favourable effect on the 2009 tax rate.

**9. CASH FLOWS**

The following table summarizes cash flows.

(in thousands of dollars)

	Second quarter		Year-to-date	
	2009	2008	2009	2008
Cash flows generated by operations before working capital items	<b>23,496</b>	16,121	<b>32,790</b>	25,898
Working capital items	<b>(4,442)</b>	12,839	<b>(28,468)</b>	2,917
Operating activities	<b>19,054</b>	28,960	<b>4,322</b>	28,815
Net investing activities	<b>(10,073)</b>	(14,784)	<b>(13,849)</b>	(35,622)
Financing activities	<b>(9,052)</b>	(14,356)	<b>(29)</b>	6,706
Changes in cash and cash equivalents	<b>(71)</b>	(180)	<b>(9,556)</b>	(101)

**9.1 Cash flows from operating activities**

Working capital items required liquid assets of \$4,442 in 2009, whereas in 2008 these items had generated \$12,839. This change results essentially from the first-quarter payment of accounts payable involving inventory purchases to protect against future price increases. This was partially offset by a corresponding inventory reduction, which will continue in the second half. The variation for the six-month period is connected to the payment of accounts payable from 2008, for which the Company had negotiated better terms of payment.

**9.2 Cash flows from investing activities**

In addition to a variation in advances to members, the main second-quarter investing activities were the following:

- The purchase of various fixed assets totalling \$6,212 in 2009 (\$10,160 for the six-month period); these purchases will provide, among other things, for the modernization of management systems and the renewal of the vehicle fleet. These amounts had been \$3,798 and \$6,166 respectively for the three and six-month periods in 2008.

The residual variance with cash flows from investing activities in 2008 results mainly from acquisitions of businesses, completed in 2008 for \$11,228 (\$26,625 for the six-month period).

**9.3 Cash flows from financing activities**

The main second-quarter financing activities were the following:

- Repayment of \$5,933 in bank indebtedness (\$6,184 in fund use for the six-month period);
- Dividend payments totalling \$2,295 (\$4,413 for the six-month period) to common shareholders, or \$0.117 per share, up 8.3% over the previous dividend of \$0.108.

The variance with cash flows from financing activities in 2008 results mainly from greater repayment of bank debt, partially offset by new long-term loans.

**10. FINANCIAL POSITION**
**Analysis of the main items of the consolidated balance sheets.**

(in thousands of dollars)

	<b>June 30 2009</b>	Dec. 31, 2008	Variance	Impact from business acquisitions/ disposal	Residual amount net of business acquisitions/ disposal	Explanation for remaining net variances
Working capital items excluding cash and cash equivalents and bank indebtedness	<b>470,811</b>	467,911	2,900	4,892	7,792	The increase is mainly due to the exchange rate fluctuation and to a decrease in inventory in accordance with the assets reduction plan partially offset by an increase in receivables due to seasonality.
Goodwill	<b>97,996</b>	99,501	(1,505)	(1,533)	(3,037)	Explained by the exchange rate fluctuation.
Long-term debt	<b>197,866</b>	209,907	12,041	-	12,041	Essentially explained by the exchange rate fluctuation and repayments.

**11. CAPITAL RESOURCES**

Cash flows generated by operations, together with credit facilities available to the Company, are sufficient to meet the needs of the Company with respect to acquisitions, purchase of fixed assets (approximately \$30,000 planned for 2009 mainly for the development of information systems and for its truck fleet in the U.S.) and shareholders remuneration by the payment of dividends.

As at June 30, the Company had \$114,000 unused credit facilities available for its development (\$116,000 as at December 31, 2008).

The credit facilities are composed of a revolving credit of \$235,000 coming to term in October 2011 together with an operating credit of \$90,000 which comes to term in October 2009.

Derivative financial instruments are utilized to reduce interest rate risk on the Company's debt. The Company does not enter into financial instruments for trading or speculative purposes. In 2008 and 2009, the Company entered into various interest rate swap agreements as part of the Company's program to manage the floating interest rate of the Company's total debt portfolio and related overall cost of borrowing. These agreements, for an amount of \$150,000, expire as follows: \$30,000 in 2009 at a rate of 0.7 % and in three equal instalments of \$40,000 in 2011, 2012 and 2013 at an average rate of 3.68 %.

**11.1 Indebtedness**

(in thousands of dollars except for percentages)

	<b>June 30, 2009</b>	Dec. 31, 2008	%
Shareholders' equity	<b>382,494</b>	372,701	2.6%
Total net indebtedness	<b>210,608</b>	208,276	1.1%
Total net debt to total invested capital ratio	<b>35.5%</b>	35.8 %	

The improvement in the debt ratio is directly linked to the increase in shareholders' equity. It should be noted that the acquisitions in the previous quarters have not yet contributed proportionately in the results for the period to the increase in bank debt and that the expected net cash inflow of \$22,000 related to the sale of assets in the Heavy Duty Group will only be realized in the third quarter. Uni-Select will benefit accordingly from a solid financial position in pursuing its current operations and expansion plans.

**11.2 Capital stock**

(in thousands of shares)

	Second quarter		Year-to-date	
	<b>2009</b>	2008	<b>2009</b>	2008
Number of shares issued and outstanding	<b>19,714</b>	19,728	<b>19,714</b>	19,728
Weighted average number of outstanding shares	<b>19,712</b>	19,731	<b>19,704</b>	19,734

As at August 5, 2009, the Company's capital stock consists of 19,714,128 issued and outstanding shares and options to purchase 76,158 shares.



## 12. RISK MANAGEMENT

---

No significant changes on the risks and uncertainties of the Company were observed during the course of the second quarter of 2009. For a complete description of the risks faced by the Company, refer to the Annual Report of Management.

## 13. CHANGES IN ACCOUNTING POLICIES

---

### **Goodwill and intangible assets**

On January 1, 2009, in accordance with the applicable transitional provisions, the Company adopted the new recommendations of the CICA Handbook included in Section 3064, "Goodwill and intangible assets". This Section establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets, after the initial recognition. The adoption of these recommendations did not have significant impact on the consolidated financial statements.

### **Credit risk and fair value of financial assets and financial liabilities**

On January 1, 2009, the Company adopted the recommendations of EIC-173 of the CICA Handbook, Credit risk and fair value of financial assets and financial liabilities. This abstract notes that the credit risk specific to the entity and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivatives.

The adoption of these recommendations was applied retrospectively without restatement of consolidated financial statements of prior periods. On January 1, 2009, taking into account credit risk in the evaluation of derivative financial instruments did not have significant effect on consolidated results.

## 14. FUTURE ACCOUNTING STANDARDS

---

### **International Financial Reporting Standards**

The Canadian Accounting Standards Board confirmed that the use of International Financial Reporting Standards ("IFRS") established by the International Accounting Standards Board will be required for fiscal years beginning January 1, 2011 for publicly accountable profit-oriented enterprises. IFRS will replace Canada's current GAAP for those enterprises.

In the second quarter, the Company continued training its resources. It also inventoried the discrepancies between IFRS and Canadian accounting standards as well as the choices that could potentially affect the recording and/or disclosure of certain items. As regards data systems, the Company has ensured that the new system, to be implemented gradually starting in 2010, will provide for parallel accounting based on IFRS and Canadian standards.

In the coming quarters, the Company will conduct a detailed analysis of the discrepancies that arise in initial identification and will quantify them based on the possible choices, also determining the impact on disclosure requirements and the calculation of certain ratios or performance measurements.

### **Business Combinations**

In January 2009, the CICA issued Section 1582, Business Combinations, which supersedes the like-named Section 1581. This Section applies prospectively to business combinations for which the date of acquisition is in fiscal years beginning on or after January 1, 2011. The Section establishes standards for the recognition of a business combination. The Company will analyze the effects of the adoption of this Section together with the analysis of the International Financial Reporting Standards.

### **Consolidated financial statements**

In January 2009, the CICA issued Section 1601, Consolidated Financial Statements, which supersedes the like-named Section 1600. This Section applies to interim and annual financial statements for fiscal years beginning on or after January 1, 2011.

The Section establishes standards for the preparation of consolidated financial statements. The Company will analyze the effects of the adoption of this Section together with the analysis of the International Financial Reporting Standards.

**Non-controlling interests**

In January 2009, the CICA issued Section 1602, Non-controlling Interests, which supersedes Section 1600, Consolidated financial statements. This Section applies to interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Section establishes standards for the accounting of non-controlling interests in a subsidiary in the consolidated financial statements subsequent to a business combination. The Company will analyze the effects of the adoption of this Section together with the analysis of the International Financial Reporting Standards.

## 15. EFFECTIVENESS OF DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

---

### Disclosure Controls and Procedures

The Company has continued its disclosure controls and procedures in accordance with the guidelines of NI 52-109. On June 30, 2009, the President and Chief Executive Officer and the Vice President and Chief Financial Officer concluded that the Company's disclosure controls and procedures are properly designed and effective.

### Internal Control over Financial Reporting

The Company evaluated the design of internal control over financial reporting as of June 30, 2009, in accordance with the guidelines of NI 52-109. This evaluation allowed the President and Chief Executive Officer and the Vice President and Chief Financial Officer to conclude that internal control over financial reporting was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian generally accepted accounting principles. In addition, this work allowed management to determine that, during the interim period ended June 30, 2009, no change to internal control over financial reporting has occurred that has materially affected, or is reasonably likely to have materially affected, such control.

## 16. OUTLOOK

---

The recent acquisitions have played a significant role in improving our quarterly results. The continuous improvement, integration and reorganization programs instituted in 2008 should continue to improve our margins and earnings in the second half of 2009. Tight asset management has led to the sale of 10 of our stores in Canada, store closings in the United States and an orderly reduction in inventories. It has also brought about the sale of assets in our Heavy Duty division, in keeping with our strategic plan, and we intend to focus our efforts on the distribution of replacement parts for automobiles. Orderly reduction in the asset base will continue throughout the second half of the fiscal year. We shall remain on the lookout for opportunities that enable us to grow both in Canada and in the United States. Finally, it should be noted that the exchange rate variation between the Canadian and U.S. currencies will have an impact on results in the coming years. Our most recent analysis shows that, all else being equal, a variation of \$0.01 between the two currencies would have an impact of \$0.015 per share on the Company's results. This impact is strictly of an accounting nature and in no way affects cash flows.



Richard G. Roy, CA  
President and Chief Executive Officer



Denis Mathieu, CA  
Vice President and Chief Financial Officer

Approved by the Audit Committee on August 4, 2009, and by the Board of Directors on August 5, 2009.

**Uni-Select Inc.**

**Consolidated Interim Financial Statements  
June 30, 2009 and 2008**



**UNI-SELECT®**

Financial Statements	
Consolidated Earnings	21
Consolidated Retained Earnings	22
Consolidated Comprehensive Income	22
Consolidated Cash Flows	23
Consolidated Balance Sheets	24
Notes to Consolidated Financial Statements	25 - 28

**Notice related to the review of interim financial statements**

The consolidated interim financial statements for the period ended June 30, 2009 have not been reviewed by the auditors of the Company.

**CONSOLIDATED EARNINGS**  
**THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008**

(in thousands of dollars, except earnings per share, unaudited)

	2 <sup>nd</sup> QUARTER		6 MONTHS	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>SALES</b>	<b>384,161</b>	317,685	<b>735,005</b>	586,369
<b>Earnings before the following items</b>	<b>31,618</b>	25,017	<b>52,327</b>	40,662
Interest (Note 3)	2,150	1,486	4,443	3,290
Amortization (Note 3)	3,331	2,607	7,121	5,231
	<b>5,481</b>	4,093	<b>11,564</b>	8,521
<b>Earnings before income taxes and non-controlling interest</b>	<b>26,137</b>	20,924	<b>40,763</b>	32,141
Income taxes				
Current	5,363	6,938	13,504	10,177
Future	3,665	(104)	185	291
	<b>9,028</b>	6,834	<b>13,689</b>	10,468
<b>Earnings before non-controlling interest</b>	<b>17,109</b>	14,090	<b>27,074</b>	21,673
Non-controlling interest	1,080	911	2,051	1,590
<b>Earnings from continuing operations</b>	<b>16,029</b>	13,179	<b>25,023</b>	20,083
Loss related to discontinued operations (Note 15)	(621)	(490)	(1,602)	(1,333)
<b>Net earnings</b>	<b>15,408</b>	12,689	<b>23,421</b>	18,750
<b>Basic earnings and diluted earnings per share (Note 4)</b>				
From continuing operations	0.81	0.67	1.27	1.02
From discontinued operations	(0.03)	(0.03)	(0.08)	(0.07)
Net income	<b>0.78</b>	0.64	<b>1.19</b>	0.95
Weighted average number of outstanding shares	<b>19,711,550</b>	19,731,769	<b>19,704,677</b>	19,734,163
Number of issued and outstanding shares	<b>19,714,128</b>	19,727,958	<b>19,714,128</b>	19,727,958

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

**CONSOLIDATED RETAINED EARNINGS  
THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008**

(in thousands of dollars, unaudited)

	6 MONTHS	
	2009	2008
	\$	\$
<b>Balance, beginning of period</b>	<b>324,241</b>	287,712
Net earnings	<b>23,421</b>	18,750
	<b>347,662</b>	306,462
Redemption of common shares <sup>(a)</sup>	-	176
Dividends	<b>4,592</b>	4,243
<b>Balance, end of period</b>	<b>343,070</b>	302,043

<sup>(a)</sup> In 2008, the Company redeemed 8,600 common shares for a cash consideration of \$197 including a share redemption premium of \$176.

**CONSOLIDATED COMPREHENSIVE INCOME  
THREE-MONTH AND SIX-MONTHS PERIODS ENDED JUNE 30, 2009 AND 2008**

(in thousands of dollars, unaudited)

	2 <sup>nd</sup> QUARTER		6 MONTHS	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Net earnings</b>	<b>15,408</b>	12,689	<b>23,421</b>	18,750
<b>Other comprehensive income:</b>				
Unrealized gain (losses) on derivative financial instruments designated as cash flow hedges, net of income taxes of (\$670) and (\$384) for the three-month and the six-month periods respectively ((-\$653) and \$6 in 2008)	<b>1,329</b>	1,401	<b>715</b>	(13)
Reclassification of realized losses to net earnings on derivative financial instruments designated as cash flow hedges, net of income taxes of (\$293) and (\$512) for the three-month and the six-month periods respectively ((-\$46) and (\$67) in 2008)	<b>642</b>	99	<b>1,113</b>	145
Unrealized gains on translation of bank indebtedness incurred in 2008 and designated as a hedge of net investments in self-sustaining foreign subsidiaries	<b>1,622</b>	-	<b>1,031</b>	-
Unrealized gains (losses) on translating financial statements of self-sustaining foreign operations	<b>(18,426)</b>	(1,261)	<b>(12,161)</b>	4,569
Other comprehensive income	<b>(14,833)</b>	239	<b>(9,302)</b>	4,701
<b>Comprehensive income</b>	<b>575</b>	12,928	<b>14,119</b>	23,451

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

**CONSOLIDATED CASH FLOWS**
**THREE-MONTH AND SIX-MONTHS PERIODS ENDED JUNE 30, 2009 AND 2008**

(in thousands of dollars, except dividends paid per share, unaudited)

	2 <sup>nd</sup> QUARTER		6 MONTHS	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Net earnings	15,408	12,689	23,421	18,750
Non-cash items				
Amortization	3,398	2,679	7,255	5,375
Amortization of deferred gain on a sale-leaseback arrangement	(55)	(54)	(122)	(108)
Future income taxes	3,665	(104)	185	291
Non-controlling interest	1,080	911	2,051	1,590
	23,496	16,121	32,790	25,898
Changes in working capital items	(4,442)	12,839	(28,468)	2,917
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>19,054</b>	<b>28,960</b>	<b>4,322</b>	<b>28,815</b>
<b>INVESTING ACTIVITIES</b>				
Business acquisitions (Note 5)	-	(11,228)	(668)	(29,625)
Disposal of assets (Note 6)	849	-	849	-
Non-controlling interest	(159)	-	(196)	-
Investments and advances to merchant members	(6,008)	(1,649)	(6,379)	(2,338)
Receipts on advances to merchant members	1,026	1,766	2,274	2,331
Fixed assets	(6,212)	(3,798)	(10,160)	(6,166)
Disposal of fixed assets	431	125	431	176
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(10,073)</b>	<b>(14,784)</b>	<b>(13,849)</b>	<b>(35,622)</b>
<b>FINANCING ACTIVITIES</b>				
Bank indebtedness	(5,933)	(25,252)	6,184	(1,257)
Balance of purchase price	(802)	337	(685)	-
Financing costs	-	-	-	(414)
Long-term debt	-	13,617	-	13,628
Repayment of long-term debt	(143)	(907)	(1,499)	(972)
Merchant members' deposits in guarantee fund	121	167	182	161
Issuance of shares	-	-	202	-
Share redemption	-	(197)	-	(197)
Dividends paid	(2,295)	(2,121)	(4,413)	(4,243)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(9,052)</b>	<b>(14,356)</b>	<b>(29)</b>	<b>6,706</b>
<b>Decrease in cash and cash equivalents</b>	<b>(71)</b>	<b>(180)</b>	<b>(9,556)</b>	<b>(101)</b>
Cash and cash equivalents, beginning of period	197	678	9,682	599
<b>Cash and cash equivalents, end of period</b>	<b>126</b>	<b>498</b>	<b>126</b>	<b>498</b>
Dividends paid per share	0.117	0.108	0.225	0.215

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

**CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2009 AND 2008**

(in thousands of dollars, unaudited)

	JUNE 30 2009	JUNE 30 2008	DECEMBER 31 2008 Audited
	\$	\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	126	498	9,682
Accounts receivable	190,359	170,067	180,308
Income taxes receivable	1,127	8,313	9,051
Inventory (Note 7)	432,666	367,136	482,340
Prepaid expenses	5,787	6,487	6,742
Future income taxes	9,006	8,756	10,172
Assets related to discontinued operations (Note 15)	32,920	-	-
	<u>671,991</u>	<u>561,257</u>	<u>698,295</u>
Investments and advances to merchant members	16,690	7,230	8,710
Fixed assets	55,189	44,187	54,939
Financing costs	619	795	785
Intangible assets	7,523	261	8,147
Derivative financial instrument	-	193	-
Goodwill	97,996	73,878	99,501
Future income taxes	3,955	2,711	3,707
	<u>853,963</u>	<u>690,512</u>	<u>874,084</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Bank indebtedness (Note 8)	4,638	35,611	-
Accounts payable	186,231	170,064	212,581
Dividends payable	2,297	2,122	2,118
Installments on long-term debt and on merchant members' deposits in guarantee fund	148	45	327
Future income taxes	5,208	61	5,676
Liabilities related to discontinued operations (Note 15)	7,170	-	-
	<u>205,692</u>	<u>207,903</u>	<u>220,702</u>
Deferred gain on a sale-leaseback arrangement	2,384	2,302	2,641
Long-term debt	197,866	107,830	209,907
Merchant members' deposits in guarantee fund	8,082	7,773	7,724
Derivative financial instruments	5,897	-	8,620
Future income taxes	5,209	3,951	5,013
Non-controlling interest	46,339	37,170	46,776
	<u>471,469</u>	<u>366,929</u>	<u>501,383</u>
<b>SHAREHOLDERS' EQUITY</b>			
Capital stock	50,040	49,850	49,838
Contributed surplus	291	-	227
Retained earnings	343,070	302,043	324,241
Accumulated other comprehensive income (Note 9)	(10,907)	(28,310)	(1,605)
	<u>332,454</u>	<u>273,733</u>	<u>322,863</u>
	<u>382,494</u>	<u>323,583</u>	<u>372,701</u>
	<u>853,963</u>	<u>690,512</u>	<u>874,084</u>

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



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**JUNE 30, 2009 AND 2008**

(in thousands of dollars, except for per share amounts, unaudited)

**1. BASIS OF PRESENTATION**

The accompanying unaudited interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and do not include all disclosures required for complete financial statements. They are also consistent with the accounting policies outlined in the audited financial statements of the Company for the year ended December 31, 2008. The interim financial statements and related notes should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2008. When necessary, the financial statements include amounts based on informed estimates and the best judgment of management. The operating results for the interim periods reported are not necessarily indicative of results to be expected for the year.

**2. CHANGES IN ACCOUNTING POLICIES**
**Goodwill and intangible assets**

On January 1, 2009, in accordance with the applicable transitional provisions, the Company adopted the new recommendations of the CICA Handbook included in Section 3064, "Goodwill and intangible assets". This Section establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets, after the initial recognition. The adoption of these recommendations did not have significant impact on the consolidated financial statements.

**Credit risk and fair value of financial assets and financial liabilities**

On January 1, 2009, the Company adopted the recommendations of EIC-173 of the CICA Handbook, Credit risk and fair value of financial assets and financial liabilities. This abstract notes that the credit risk specific to the entity and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivatives.

The adoption of these recommendations was applied retrospectively without restatement of consolidated financial statements of prior periods. On January 1, 2009, taking into account credit risk in the evaluation of derivative financial instruments did not have significant effect on consolidated results.

**3. INFORMATION INCLUDED IN THE CONSOLIDATED EARNINGS**

Other financial liabilities	2 <sup>nd</sup> QUARTER		6 MONTHS	
	2009	2008	2009	2008
	\$	\$	\$	\$
Interest on bank indebtedness	148	594	472	1,325
Interest on long-term debt	2,062	964	4,106	2,078
Interest on merchant members' deposits in guarantee fund	43	98	110	182
	2,253	1,656	4,688	3,585
<b>Held-for-trading financial assets</b>				
Interest income on cash and cash equivalents	(1)	(11)	(5)	(21)
<b>Loans and receivables</b>				
Interest income from merchant members	(102)	(159)	(240)	(274)
	(103)	(170)	(245)	(295)
	2,150	1,486	4,443	3,290
<b>Amortization</b>				
Amortization of fixed assets	3,123	2,514	6,686	5,034
Amortization of other assets	208	93	435	197
	3,331	2,607	7,121	5,231

**4. EARNINGS PER SHARE**

Weighted average number of shares for the calculation of basic earnings per share is 19,711,550 for the three-month period ended June 30, 2009 (19,731,769 in 2008) and 19,704,677 for the six-month period ended June 30, 2009 (19,734,163 in 2008). Impact of stock options exercised is 12,653 shares for the three-month period ended June 30, 2009 (19,568 in 2008) and 15,140 for the six-month period ended June 30, 2009 (21,429 in 2008) which total a weighted average number of shares of 19,724,203 for the three-month period ended June 30, 2009 (19,751,337 in 2008) and 19,719,817 for the six-month period ended June 30, 2009 (19,755,593 in 2008) for calculation of diluted earnings per share.

**5. BUSINESS ACQUISITIONS**

In 2009, the Company acquired the assets of two companies in the Automotive USA segment.

In addition, the Company increased its interest by 1.92% in its joint venture, Uni-Select Pacific Inc. Following this transaction, the Company's interest in the joint venture increased from 69.23% to 71.15%. This transaction was carried out at the carrying amount as stated in the shareholders' agreement.

The operating results are consolidated in the statement of earnings since the acquisition date.

The preliminary purchase price is allocated as follows:

	Total
	\$
Current assets	1,211
Fixed assets	153
Goodwill	1,532
Current liabilities	(2,190)
Long-term liabilities	(11)
	695
Cash of companies acquired	1
Total consideration paid less cash acquired	668
Balance of purchase price payable	26

Uni-Select USA Inc.

The Company acquired a non-controlling interest for a cash consideration of \$196. Following this transaction, the Company's interest in its U.S. subsidiary increased by 0.05%, from 86.94% to 86.99%.

**6. DISPOSAL OF ASSETS**

In 2009, the Company sold in several transactions some of the assets of ten stores in the Automotive Canada segment. The assets have been sold for an amount of \$4,905 for a cash consideration of \$1,298 from which \$449 is receivable and a non-cash consideration of \$3,607.

**7. INVENTORY**

Cost of inventory recognized as an expense for the three-month period ended June 30, 2009 is \$264,274 (\$218,433 in 2008) and \$518,373 for the six-month period ended June 30, 2009 (\$419,820 in 2008).

**8. CREDIT FACILITY**

The Company has a credit facility in the amount of \$325,000. This credit facility is composed of a \$235,000 revolving credit expiring in October 2011. The credit facility also includes a \$90,000 operating credit maturing in October 2009 which is also used for the issuance of letters of guarantee and is renewable annually in October. As at June 30, 2009, the issued letters of guarantee totalled \$8,219 (\$6,515 as at December 31, 2008). This facility can be drawn either in Canadian dollars or U.S. dollars.

The interest rates vary according to the type of loan and the financial ratios achieved by the Company and are set each quarter. As at June 30, 2009, interest rates vary between 1.3% and 3.75% (1.4% and 3.75% as at December 31, 2008).

**9. ACCUMULATED OTHER COMPREHENSIVE INCOME**

	JUNE 30, 2009	DECEMBER 31, 2008
	\$	\$
<b>Balance, beginning of period</b>	<b>(1,605)</b>	(33,011)
Other comprehensive income for the period	<b>(9,302)</b>	31,406
<b>Balance, end of period</b>	<b>(10,907)</b>	(1,605)

**10. EMPLOYEE FUTURE BENEFITS**

As at June 30, 2009, the Company's pension plans are defined benefit and contribution plans.

For the three-month period ended June 30, 2009, the total expense for the defined contribution pension plans was \$468 (\$260 in 2008) and \$638 (\$601 in 2008) for the defined benefit pension plans.

For the six-month period ended June 30, 2009, the total expense for the defined contribution pension plans was \$734 (\$517 in 2008) and \$1,302 (\$1,201 in 2008) for the defined benefit pension plans.

**11. GUARANTEES**

As per inventory repurchase agreements, the Company has made a commitment to financial institutions to repurchase inventories from some of its customers at a rate of 60% to 75% of the value of inventories for a maximum amount of \$61,495 (\$65,525 as at December 31, 2008). In the event of proceedings, the inventories would be liquidated in the normal course of the Company's operations. These agreements are for an undetermined period of time. In management's opinion, the likelihood of major payments being made and losses being absorbed is low, since the value of the assets held in guarantee is significantly higher than the Company's commitments.

**12. FINANCIAL INSTRUMENTS**
**Derivative financial instruments**

The Company entered into agreements to swap variable interest rates (Note 8) for a nominal amount of US\$ 150,000 for fixed rates.

Nominal amount	Rate	Maturity				
		2009	2010	2011	2012	2013
US\$		US\$	US\$	US\$	US\$	US\$
30,000	0.73%	30,000				
60,000	3.94%			20,000	20,000	20,000
30,000	3.50%			10,000	10,000	10,000
30,000	3.35%			10,000	10,000	10,000

The fair value of the interest rate swaps is calculated using quotes for similar instruments on the balance sheet date obtained by the Company's financial institution and represents an amount payable by the Company of \$5,897 (\$8,620 as at December 31, 2008).

**13. SEGMENTED INFORMATION**

	<b>2<sup>nd</sup> QUARTER</b>					
	Automotive USA		Automotive Canada		Consolidated	
	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$
<b>Sales</b>	<b>241,541</b>	168,181	<b>142,620</b>	149,504	<b>384,161</b>	317,685
Earnings before interests, amortization, income taxes and non-controlling interest	<b>17,199</b>	12,037	<b>14,419</b>	12,980	<b>31,618</b>	25,017
Assets <sup>(1)</sup>	<b>578,158</b>	391,102	<b>242,885</b>	264,143	<b>821,043</b>	655,245
Acquisition of fixed assets <sup>(2)</sup>	<b>1,807</b>	2,536	<b>4,405</b>	2,087	<b>6,212</b>	4,623
Acquisition of goodwill	<b>10</b>	199	<b>1,375</b>	552	<b>1,385</b>	751

	<b>6 MONTHS</b>					
	Automotive USA		Automotive Canada		Consolidated	
	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$
<b>Sales</b>	<b>474,477</b>	318,100	<b>260,528</b>	268,269	<b>735,005</b>	586,369
Earnings before interest, amortization, income taxes and non-controlling interest	<b>29,997</b>	21,214	<b>22,330</b>	19,448	<b>52,327</b>	40,662
Assets <sup>(1)</sup>	<b>578,158</b>	391,102	<b>242,885</b>	264,143	<b>821,043</b>	655,245
Acquisition of fixed assets <sup>(2)</sup>	<b>3,685</b>	4,025	<b>6,585</b>	3,403	<b>10,270</b>	7,428
Acquisition of goodwill	<b>10</b>	292	<b>1,522</b>	7,648	<b>1,532</b>	7,940

<sup>(1)</sup> The assets in the consolidated balance sheet include an amount of \$32,920 (\$35,267 in 2008) related to discontinued operations.

<sup>(2)</sup> The fixed assets acquisitions in the consolidated cash flows include an amount related to discontinued operations of \$0 and \$43 (\$61 and \$82 in 2008) respectively for the three-month and six-month periods ended June 30th.

The Automotive USA segment includes fixed assets for an amount of \$26,251 (\$18,541 as at June 30, 2008) and goodwill for an amount of \$56,864 (\$36,081 as at June 30, 2008).

**14. FUTURE ACCOUNTING STANDARDS**
**International Financial Reporting Standards**

The Canadian Accounting Standards Board confirmed that the use of International Financial Reporting Standards ("IFRS") established by the International Accounting Standards Board will be required for fiscal years beginning January 1st, 2011 for publicly accountable profit-oriented enterprises. IFRS will replace Canada's current GAAP for those enterprises.

In the second quarter, the Company continued training its resources. It also inventoried the discrepancies between IFRS and Canadian accounting standards as well as the choices that could potentially affect the recording and/or disclosure of certain items. As regards data systems, the Company has ensured that the new system, to be implemented gradually starting in 2010, will provide for parallel accounting based on IFRS and Canadian standards.

In the coming quarters, the Company will conduct a detailed analysis of the discrepancies that arise in initial identification and will quantify them based on the possible choices, also determining the impact on disclosure requirements and the calculation of certain ratios or performance measurements.

**Business combinations**

In January 2009, the CICA issued Section 1582, Business Combinations, which supersedes the like-named Section 1581. This Section applies prospectively to business combinations for which the date of acquisition is in fiscal years beginning on or after January 1, 2011. The Section establishes standards for the recognition of a business combination. The Company will analyze the effects of the adoption of this Section together with the analysis of the International Financial Reporting Standards.

**Consolidated financial statements**

In January 2009, the CICA issued Section 1601, Consolidated Financial Statements, which supersedes the like-named Section 1600. This Section applies to interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Section establishes standards for the preparation of consolidated financial statements. The Company will analyze the effects of the adoption of this Section together with the analysis of the International Financial Reporting Standards.

**14. FUTURE ACCOUNTING STANDARDS (continued)**
**Non-controlling interests**

In January 2009, the CICA issued Section 1602, Non-controlling Interests, which supersedes Section 1600, Consolidated financial statements. This Section applies to interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Section establishes standards for the accounting of non-controlling interests in a subsidiary in the consolidated financial statements subsequent to a business combination. The Company will analyze the effects of the adoption of this Section together with the analysis of the International Financial Reporting Standards.

**15. SUBSEQUENT EVENT**

On July 16, 2009, the Company reached agreements for the disposal of certain assets of its Palmar Inc. subsidiary, which constitutes all of the Heavy Duty Group segment. These transactions should generate a net cash inflow of about \$22,000 and a non-recurring net loss of approximately \$5,000 that will be recorded in the third quarter.

Pursuant to Section 3475 of the CICA Handbook, titled Disposal of Long-Lived Assets and Discontinued Operations, the group's operating results have been reclassified and presented in the consolidated statement of earnings as a "Loss related to discontinued operations" for the 2009 and 2008 periods while the assets and liabilities of Palmar Inc. as at June 30, 2009 have been reclassified and presented in the consolidated balance sheet under "Assets or liabilities related to discontinued operations".

The following table provides the discontinued operations results for the three-month and six-month periods ended June 30, 2009 and 2008:

	2 <sup>nd</sup> QUARTER		6 MONTHS	
	2009	2008	2009	2008
Sales	13,653	14,975	25,569	28,013
Loss before the following items	(824)	(565)	(2,199)	(1,678)
Interests	38	106	82	201
Amortization	67	72	134	144
<b>Loss before income taxes</b>	<b>(929)</b>	<b>(743)</b>	<b>(2,415)</b>	<b>(2,023)</b>
Income taxes	308	253	813	690
<b>Net loss from discontinued operations</b>	<b>(621)</b>	<b>(490)</b>	<b>(1,602)</b>	<b>(1,333)</b>

The following table provides the assets and liabilities related to discontinued operations as of June 30, 2009:

<b>Current assets</b>	
Accounts receivable	9,503
Inventory	20,775
Prepaid expenses	971
Future income taxes	29
	<u>31,278</u>
<b>Long-term assets</b>	
Investments	760
Fixed assets	882
	<u>1,642</u>
<b>Assets related to discontinued operations</b>	<b>32,920</b>
<b>Current liabilities</b>	
Bank indebtedness	1,626
Accounts payable	5,529
	<u>7,155</u>
<b>Long-term liabilities</b>	
Future income taxes	15
<b>Liabilities related to discontinued operations</b>	<b>7,170</b>