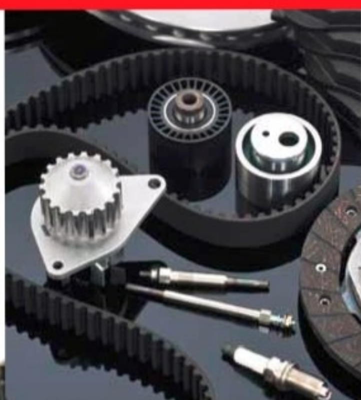
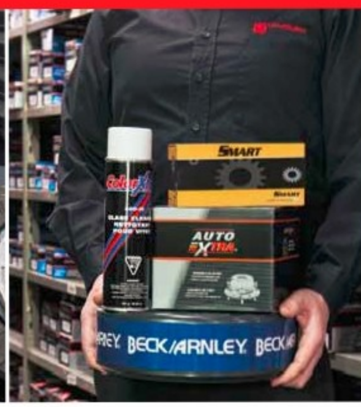
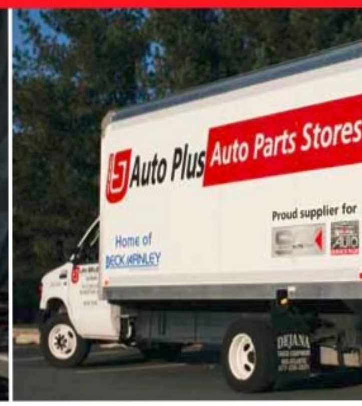
Q2

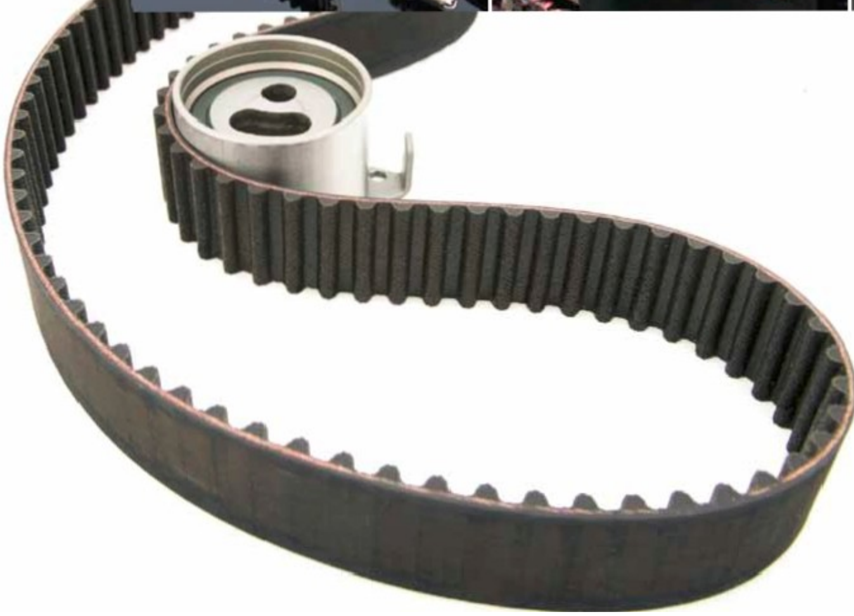
UNI-SELECT

BE A PART OF IT.









INTERIM MANAGEMENT DISCUSSION AND ANALYSIS SECOND QUARTER 2013

UNI-SELECT®

SUMMARY

The Corporation completed a formal review of strategic alternatives centered on its US automotive operations to unlock additional value for its shareholders. Accordingly, the Corporation's Board of Directors have approved an internal strategic and operational plan (the "Action Plan"), which will complement the distribution network consolidation plan announced in 2012. The Corporation recognized restructuring charges, write-off of assets and others of $35.2 million in the second quarter of 2013 related to site closures and consolidation costs.

- ***Consolidated organic growth of 1.2% realized during the second quarter, mainly related to a 2.7% organic growth from the US operations.*** Consolidated sales decreased by 0.1%, despite the organic growth, due to store closures representing a decrease of 1.6%.

- ***Adjusted EBITDA stood at $29.3 million, down from $31.2 million for the same quarter last year.*** Competitive pricing and an unfavorable distribution channel mix impacted the quarterly results and were partly offset by the Action Plan's savings that materialized during the quarter.

- ***Loss for the quarter was $9.3 million, including $23.9 million of restructuring charges, write-off of assets and others ($35.2 million before income taxes) compared to net earnings of $14.9 million for the same quarter last year.***

- ***Since December 31, 2012, the total net debt decreased by $24.9 million to $284.5 million, as the Corporation benefits from cash generated by operations.***

- ***Cash from operating activities are up $39.4 million compared to $32.1 million for the same quarter of 2012.***

TABLE OF CONTENTS

Head Office
170 Industriel Blvd.
Boucherville, Québec
J4B 2X3
Tel.: (450) 641-2440
Fax: (450) 449-4908
uniselect.com

Ticker Symbol: UNS, Toronto Stock Exchange

Investor Relations
Ms. Karine Vachon, Manager, Investor Relations and Communications
Tel : (450) 641-6972
Email: Investorrelations@uniselect.com

FINANCIAL HIGHLIGHTS FOR THE QUARTER

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

	Second quarter			Six-month period		
OPERATING RESULTS	**June 30 2013**	June 30 2012 (3)	%	**June 30 2013**	June 30 2012 (3)	%
Sales	**476,176**	476,748	(0.1)	**897,996**	922,008	(2.6)
Adjusted EBITDA (1) (2)	**29,320**	31,221	(6.1)	**46,631**	57,823	(19.4)
Adjusted EBITDA margin	***6.2%***	*6.5%*		***5.2%***	*6.3%*	
EBITDA (1)	**27,786**	29,524	(5.9)	**43,714**	53,432	(18.2)
Restructuring charges, write-off of assets and others	**35,180**	-	-	**35,180**	-	-
Adjusted earnings (2)	**15,561**	15,999	(2.7)	**22,556**	28,809	(21.7)
Net earnings (loss) attributable to shareholders	**(9,295)**	14,936	-	**(3,151)**	26,017	-
Free cash flow	**24,226**	20,920		**30,514**	35,303	
COMMON SHARE DATA						
Adjusted basic earnings	**0.72**	0.74	(2.7)	**1.05**	1.33	(21.1)
Impact of restructuring charges, write-off of assets and others	**1.11**	-	-	**1.11**	-	-
Basic net earnings (loss)	**(0.43)**	0.69	-	**(0.15)**	1.20	-
Dividend (C$)	**0.13**	0.13	-	**0.26**	0.26	-
Number of shares outstanding at the end of the period (in thousands)	**21,465**	21,551		**21,465**	21,551	
Weighted average number of shares outstanding considered for basic earnings per share (in thousands)	**21,465**	21,637		**21,482**	21,637	
Weighted average number of shares outstanding considered for diluted earnings per share (in thousands)	**21,465**	22,877		**21,482**	22,876	

FINANCIAL POSITION	**June 30 2013**	December 31 2012
Working capital	**402,816**	436,002
Total assets	**1,248,452**	1,239,945
Total net debt	**284,492**	309,427
Total equity	**473,720**	484,205
Return on average total shareholders' equity	**7.6%**	8.8%
Book value per share	**22.07**	22.47

(1) This measure represents operating profit before finance costs, depreciation and amortization, restructuring charges, write-off of assets and others, equity income, income taxes and net earnings attributable to non-controlling interests. 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.

(3) 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"

PRELIMINARY COMMENTS TO THE MANAGEMENT DISCUSSION AND ANALYSIS

Basis of presentation of the Management Discussion and Analysis

This Management Discussion and Analysis provides a review of the Corporation's operating results and cash flows for the quarter and six-month period ended June 30, 2013 compared with those of the quarter and six-month period ended June 30, 2012, as well as its financial position at June 30, 2013 compared with its financial position at December 31, 2012. This report should be read in conjunction with the Consolidated Financial Statements and accompanying notes included in the 2012 Annual Report. The information contained herein takes into account all major events that occurred up to July 31st, 2013, 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 www.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® and "FinishMaster" designates FinishMaster®, both of which are wholly-owned subsidiaries.

The monetary amounts are expressed in thousands of U.S. dollars, unless otherwise indicated. Comparative figures are presented in relation to the comparable periods of the prior year.

The interim financial statements, contained in the present Management Discussion and Analysis, were prepared in accordance with International Financial Reporting Standards (IFRS) and 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 in regards to 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 our results to differ materially from our expectations are discussed in the "Risk Management" section of our annual Management Discussion and Analysis. 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.

PROFILE AND DESCRIPTION

A major player in the automotive aftermarket

Founded in 1968, Uni-Select is a leading North American distributor of replacement parts, paint and related products through a network of independent distributors and corporate stores in Canada and the United States.

Leader in the Canadian market, Uni-Select ranks 6th among distributors in North America. It is also the largest independent distributor of paint and related products through its FinishMaster subsidiary.

Uni-Select provides numerous essential services and products to its customers. The Corporation offers a range of parts and equipment for domestic vehicles as well as tools. It also offers parts for foreign nameplate vehicles, primarily through its Beck/Arnley® product line.

The Corporation serves three groups of customers: independent jobbers and national and regional accounts, to which it supplies automotive parts, accessories, paint and related products through its distribution centers; installers and body shops, to which it provides the same products from its corporate stores; and consumers.

ANALYSIS OF CONSOLIDATED RESULTS

(in thousands of US dollars, except percentages)	Second quarter			Six-month period		
	2013	2012	%	**2013**	2012	%
Sales						
United States	**339,530**	337,361	0.6	**655,118**	672,397	(2.6)
Canada	**136,646**	139,387	(2.0)	**242,878**	249,611	(2.7)
	476,176	476,748	(0.1)	**897,996**	922,008	(2.6)
EBITDA	**27,786**	29,524	(5.9)	**43,714**	53,432	(18.2)
EBITDA Margin	***5.8%***	*6.2%*		***4.9%***	*5.8%*	
Adjustments (1)	**1,534**	1,697		**2,917**	4,391	
Adjusted EBITDA	**29,320**	31,221	(6.1)	**46,631**	57,823	(19.4)
Adjusted EBITDA Margin	**6.2%**	*6.5%*		***5.2%***	*6.3%*	

(1) Refer to the following table and the "Non-IFRS financial measure" section for further details.

The following table shows the various adjustments used to calculate adjusted EBITDA.

TABLE OF ADJUSTMENTS

(in thousands of US dollars)	Second quarter		Six-month period	
	2013	2012	**2013**	2012
Expenses related to the development and deployment of the enterprise resource planning system (ERP) (1)	**829**	1,697	**1,790**	4,391
Expenses related to the network optimization and to the closure and disposal of stores (2)	**705**	-	**1,127**	-
Total adjustments	**1,534**	1,697	**2,917**	4,391

(1) Mainly include costs related to data conversion, employee training and deployment to various sites.
(2) Primarily consist of costs related to lease terminations, workforce and expenses required to relocate inventory and write-offs of assets.

Sales

SECOND QUARTER:

Sales for the quarter decreased by 0.1% compared to the same period last year, despite an overall organic growth of 1.2%.

The organic growth is mainly attributable to the US operations posting a 2.7% organic growth while the Canadian operation posted a negative organic growth of 2.5%.

The positive organic growth in the US is the result of sales' programs and overall better execution combined with improved service level in the operations permitted by a more stable ERP system environment. Sales related to stores closures, in line with the Action Plan, represent a decrease of 1.6%.

SIX-MONTH PERIOD:

Sales for the six-month period decreased by 2.6% compared to same period last year. Sales were affected by:

- Store closures related to the Action Plan representing a decrease of 1.6%;
- 2 less billing days in the United States and 1 in Canada representing a decrease of 0.8%; and
- Decline in the overall organic growth of 0.2% where the Canadian operations posted a negative organic growth of 1.3% while the USA operations posted a positive organic growth of 0.2%.

Sales, has been negatively affected by certain factors at the beginning of the year; the operations were affected by softer demand on seasonal repairs reflecting challenging economic conditions as well as extended winter weather conditions compared to last year. In December 2012, the Corporation experienced business disruptions created by the deployment of its enterprise resource planning system which impacted the customer services. These issues were resolved by end of January 2013 and since then the warehouse operations have been positively impacted.

Adjusted EBITDA

SECOND QUARTER:

The adjusted EBITDA margin is 6.2% of sales compared to 6.5% for the same quarter last year.

The adjusted EBITDA margin decline is mainly attributable to lower gross profit. Competitive pricing and a negative distribution channel mix impacted the quarterly results and were partly offset by the Action Plan's savings that materialized during the quarter. The savings consists of :

- Closed locations that were unprofitable; and
- Headcount reductions and reduction of delivery expenses, while maintaining the same level of service.

Operating expenses were impacted by unexpected maintenance costs to stabilize the ERP system.

SIX-MONTH PERIOD:

The adjusted EBITDA margin is 5.2% of sales compared to 6.3% for the same period last year.

The adjusted EBITDA margin decline were impacted by the same factors as those mentioned in the quarter.

In addition, the adjusted EBITDA margin was impacted by:

- A sales' decrease not entirely offset by the decrease in expenses;
- Lower price protection that we benefited in the first quarter of last year.

Analysis of other items and amounts related to the consolidated results

FINANCE COSTS, NET

(in thousands of US dollars)	Second quarter		Six-month period	
	2013	2012	**2013**	2012
Finance costs, net	**4,029**	4,865	**8,098**	9,982

SECOND QUARTER:

The decrease in finance costs for the quarter compared to the same quarter of 2012 is due primarily to the following factors:

- Reduction in interest rates resulting from the termination of swap tranches bearing interest at higher rates; and
- Reduction of indebtedness.

SIX-MONTH PERIOD:

The decrease in finance costs for the six-month period compared to the same quarter of 2012 reflects the same factors as those mentioned in the quarter.

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

DEPRECIATION AND AMORTIZATION

(in thousands of US dollars)	Second quarter		Six-month period	
	2013	2012	**2013**	2012
Depreciation and amortization	**6,771**	7,078	**14,315**	13,104

SECOND QUARTER:

The decrease in depreciation and amortization for the quarter over the same quarter of 2012 is mainly related to certain property and equipment and intangible assets that have reached the end of their useful life.

SIX-MONTH PERIOD:

The increase in depreciation and amortization for the six-month period compared to the same period of 2012 reflects the amortization of intangible assets related to the enterprise resource planning systems partly compensated by certain property and equipment and other intangible assets that have reached the end of their useful life.

(Refer to Note 6 in the Interim Consolidated Financial Statements for further details.)

RESTRUCTURING CHARGES,WRITE-OFF OF ASSETS AND OTHERS

(in thousands of US dollars)	Second quarter		Six-month period	
	2013	2012	**2013**	2012
Restructuring charges, write-off of assets and others	**35,180**	-	**35,180**	-

During the second quarter, the Corporation completed a formal review of strategic alternatives centered on its US automotive operations. This in-depth review has assisted Management in enhancing the Corporation's strategic direction in order to maximize shareholder value. As part of the review, the Corporation has identified additional operational improvements and further reductions in operating expenses. Accordingly, the Corporation's Board of Directors have approved an internal strategic and operational plan, which will complement the distribution network consolidation plan announced in 2012. The Action Plan, expected to generate cost savings of $10.0 million in 2013, $25.0 million in 2014, and $30.0 million annually as of 2015, encompasses the closure or rightsizing of certain stores and warehouses and the addition of two new facilities, among other initiatives. The total cost of implementing the Action Plan is expected to be approximately $45.0 million, of which $13.0 million represents cash outlay, and the plan is expected to be completed by the end of 2014.

The Corporation recognized restructuring charges, write-off of assets and others of $35.2 million in the second quarter related to site closure and consolidation costs, which include initiatives to liquidate redundant inventory, employee termination benefits, the recognition of future lease obligations, write-downs of certain property and equipment to their net realizable value and a write-off in the value of certain software which will no longer be used in its operations.

The Action Plan is in addition to the Network Optimization Plan launched in August 2012 (rationalization and consolidation of distribution network). The annual savings of $20 million expected from the Network Optimization Plan have been realized; unfortunately, the cost reduction stemming from the Network Optimization Plan were largely offset by lower sales in the past three quarters as well as the unfavourable change in the distribution channel mix. These offsetting elements led Uni-Select to implement additional initiatives to improve results.

At June 30, 2013, $18.2 million of these charges are presented as current liabilities within "Restructuring, write-off of asset and others" in the Corporation's Consolidated Statement of Financial Position.

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

EQUITY INCOME

(in thousands of US dollars)	Second quarter		Six-month period	
	2013	2012	**2013**	2012
Equity income	**949**	606	**1,507**	1,260

As at January 1, 2013, the Corporation applied IFRS 11 "Joint Arrangements" under which the equity method is required, meaning the Corporation's share of net assets, net income and other comprehensive income of joint ventures are now presented as a one-line item on the Consolidated Statement of Financial Position, the Consolidated Statement of Earnings and the Consolidated Statement of Comprehensive Income.

(Refer to Notes 3 and 4 in the Interim Consolidated Financial Statements for further details.)

INCOME TAXES

(in thousands of US dollars)	Second quarter		Six-month period	
	2013	2012	**2013**	2012
Income taxes	**(7,950)**	3,251	**(9,221)**	5,680

SECOND QUARTER:

The income taxes recovery for the quarter is related to the restructuring charges, write-off of assets and others.

The income tax rate variance, when restructuring charges, write-off of assets and others is excluded, is mainly related to a different geographical distribution of the Corporation's results during the quarter compared to the same quarter last year.

SIX-MONTH PERIOD:

The decrease in income taxes for the six-month period compared to the same period of 2012 reflects the same factor as mentioned in the quarter.

(Refer to Note 9 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.

(in thousands of US dollars, except per share amounts and percentages)	Second quarter			Six-month period		
	2013	2012	%	**2013**	2012	%
Net earnings (loss) attributable to shareholders, as reported	**(9,295)**	14,936	-	**(3,151)**	26 017	-
Restructuring charges and others, net of taxes	**23,926**	-		**23,926**	-	
Non-recurring items, net of taxes	**930**	1,063		**1,781**	2,792	
Adjusted earnings	**15,561**	15,999	(2.7)	**22,556**	28,809	(21.7)
Net earnings (loss) per share attributable to shareholders, as reported	**(0.43)**	0.69	-	**(0.15)**	1.20	-
Restructuring charges and others, net of taxes	**1.11**	-		**1.11**	-	
Non-recurring items, net of taxes	**0.04**	0.05		**0.08**	0.13	
Adjusted earnings per share	**0.72**	0.74	(2.7)	**1.05**	1.33	(21.1)
Dilutive effect of convertible debentures and options	**-**	(0.01)		**-**	(0.01)	
Adjusted diluted earnings per share	**0.72**	0.73	(1.4)	**1.05**	1.32	(20.5)

Consolidated quarterly operating results

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

	2013		2012 (1)				2011	
(in thousands of US dollars, except per share amounts and percentages)	**2nd Quarter**	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter
Sales								
United States	**339,530**	315,588	298,499	330,095	337,361	335,036	313,169	322,901
Canada	**136,646**	106,232	119,741	127,248	139,387	110,224	123,481	149,590
	476,176	421,820	418,240	457,343	476,748	445,260	436,650	472,491
Adjusted EBITDA	**29,320**	17,311	12,301	24,687	31,221	26,602	18,558	30,759
Adjusted EBITDA margin	***6.2%***	*4.1%*	*2.9%*	*5.4%*	6.5%	*6.0%*	*4.3%*	*6.5%*
EBITDA	**27,786**	15,928	10,394	23,285	29,524	23,908	17,187	29,904
Restructuring charges, write-off of assets and others	**35,180**	-	-	18,458	-	-	301	-
Adjusted earnings	**15,561**	6,995	5,706	11,370	15,993	12,810	10,151	17,186
Net earnings (loss) attributable to shareholders	**(9,295)**	6,144	4,497	(1,067)	14,931	11,081	9,089	16,633
Adjusted basic earnings per share	**0.72**	0.33	0.26	0.53	0.74	0.59	0.47	0.79
Basic earnings (loss) per share	**(0.43)**	0.29	0.21	(0.05)	0.69	0.51	0.42	0.77
Diluted earnings (loss) per share	**(0.43)**	0.29	0.21	(0.05)	0.68	0.51	0.42	0.75
Dividends paid per share (C$)	***0.13***	*0.13*	*0.13*	*0.13*	*0.13*	*0.13*	*0.12*	*0.12*
Average exchange rate for earnings	**0.98**	0.99	1.01	1.00	0.99	1.01	0.98	1.02

(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 AND SOURCES OF FINANCING

Cash flows

CASH FROM OPERATING ACTIVITIES

(in thousands of US dollars)	Second quarter		Six-month period	
	2013	2012	**2013**	2012
Cash from operating activities	**39,398**	32,130	**49,954**	35,014

SECOND QUARTER:

Cash generated from operating activities were $39.4 million compared to $32.1 million for the same quarter last year. For the quarter ended June 30, 2013, the Corporation had additional advantages from improved payment terms. For the same quarter last year, the Corporation reduced its inventory levels as part of a working capital improvement plan.

SIX-MONTH PERIOD:

Cash generated from operating activities were $50.0 million compared to $35.0 million for the same period last year and are explained by the same factors as mentioned in the quarter

CASH FROM INVESTING ACTIVITIES

(in thousands of US dollars)	Second quarter		Six-month period	
	2013	2012	**2013**	2012
Cash used in investing activities	**(7,608)**	(12,217)	**(14,313)**	(21,374)

SECOND QUARTER:

Cash used in invested activities were $7.6 million compared to $12.2 million for the same quarter last year. The Corporation invested mainly in computer equipment, renewal of vehicles and in the development of the ERP system. Compared to last year, the investment in the ERP system has decreased since the transition is in progress.

SIX-MONTH PERIOD:

Cash used in invested activities were $14.3 million compared to $21.4 million for the period last year and are explained by the same factor as mentioned in the quarter.

CASH FROM FINANCING ACTIVITIES

(in thousands of US dollars)	Second quarter		Six-month period	
	2013	2012	**2013**	2012
Cash used in financing activities	**(31,802)**	(20,586)	**(35,680)**	(14,562)

SECOND QUARTER:

Cash used in financing activities were $31.8 million compared to $20.6 million for the same quarter last year. Financing activities are almost exclusively related to dividend's payments and net debt reimbursement. Cash generated by operating activities permitted a higher reimbursement in 2013.

SIX-MONTH PERIOD:

Cash used in financing activities were $35.7 million compared to $14.6 million for the period last year and are explained by the same factors as mentioned in the quarter. In addition, the corporation in 2013 repurchases shares as part of its normal course issuer bid.

FREE CASH FLOWS

(in thousands of US dollars)	Second Quarter		Six-month period	
	2013	2012	**2013**	2012
EBITDA	**27,786**	29,524	**43,714**	53,432
Interest paid	(2,805)	(4,596)	(7,732)	(10,713)
Income taxes recovered (paid)	1,919	715	1,187	(1,404)
Acquisitions of property and equipment	(2,056)	(4,388)	(6,508)	(5,667)
Other non-cash items	(618)	(335)	(147)	(345)
Free cash flow	**24,226**	20,920	**30,514**	35,303

SECOND QUARTER:

The increase in free cash flow is mainly due to lower interest payments and acquisitions of property and equipment, partly offset by lower EBITDA.

SIX-MONTH PERIOD:

The decrease in free cash flow is mainly due to the decline of EBITDA, partly offset by lower interest payments.

SOURCES OF FINANCING

CREDIT FACILITIES

During the first quarter, the Corporation amended the terms of its existing credit facility and extended its maturity by one year to January 7, 2017. The total availability was subsequently reduced to $400,000. *(For more information about the credit facility, see Notes 12 of the Interim Consolidated Financial Statements.)*

At June 30, 2013, the unused portion amounts to $116,500 ($123,000 at December 31, 2012).

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's agreements with the suppliers.

As at June 30, 2013, Uni-Select deferred payment of account payables in the amount of $127,708 ($76,264 as at December 31, 2012). The authorized limit with the financial institutions is $175,000. 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

INDEBTEDNESS

The Corporation strives to maintain the following objectives:

(in thousands of US dollars, except percentages)		June 30 2013	Dec. 31 2012
Components of debt ratios:			
Long-term debt		**284,570**	**309,549**
Total net debt		**284,492**	**309,427**
Total shareholders' equity *(including convertible debentures)*		**520,664**	**533,304**
Debt ratios:			
Total net debt to total net debt and total shareholders' equity	*Less than 45%*	***35.3%***	***36.7%***
Long-term debt to total shareholders' equity ratio	*Less than 125%*	***54.7%***	***58.0%***
Funded debt to EBITDA ratio	*Maximum 3.50*	***3.67***	***3.54***

(For further details about how the Corporation calculate those ratios, see the section on "Non-IFRS Financial Measure".)

The Corporation's management continuously reviews its working capital items to improve the *funded debt to EBITDA ratio* under the level of 3.50.

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. However, for purposes of compliance, the Corporation periodically reassesses the requirements of its bank credit to ensure that they are being met. As at June 30, 2013, the Corporation meets all the requirements.

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*, improved as the debt decreased.

The increase in the *funded debt to EBITDA ratio* is attributed to the reduction in EBITDA, partly compensated by a lower level of debt. The 2012 ratio was restated to take into account the changes in accounting policies as per IFRS 11 – "Joint arrangements" and as per the amended IAS 19 – "Employee Benefits".

SHAREHOLDERS' EQUITY

Under its capital management policy, the Corporation seeks to achieve the following returns:

- A return on average total shareholders' equity at least 9% greater than the risk-free interest rate; and
- A dividend corresponding to approximately 20% of the previous year's recurring net earnings.

Return on average total shareholders' equity

The adjusted return on average total shareholders' equity for 2013 was 7.6%, compared with 8.8% for 2012, a direct effect of the Corporation's lower net earnings.

Dividends

On May 1, 2013, the Corporation declared the second quarterly dividend of 2013 of C$0.13 per share, payable on July 19, 2013 to shareholders of record at June 30, 2013. The Corporation is currently maintaining the same level of dividends for 2013 as 2012.

On July 31, 2013, the Corporation also declared the third quarterly dividend of 2013 of C$0.13 per share, payable on October 22, 2013 to shareholders of record at September 30, 2013.

Stock-based compensation

The Corporation's stock-based compensation plan includes an equity-settled common share stock option plan for directors, management employees and officers and cash-settled plans consisting of a deferred share unit plan and a performance share unit plan.

For the six-month period ended June 30, 2013, 298,338 stock options with an exercise price of C$22.90 were granted to management employees and officers of the Corporation, and compensation expense of $521 and $835 ($9 and $19 for 2012) was recorded for the three and six-month periods related to the 358,338 stock options outstanding under the Corporation's stock option plan at June 30, 2013.

During the six-month period ended June 30, 2013, the Corporation formally adopted its Deferred share unit plan ("DSU plan") and granted 20,565 deferred share units ("DSUs"). Compensation expense of $170 and $370 was recorded for the three and six-month periods ended June 30, 2013, respectively, related to the 30,669 DSUs outstanding at June 30, 2013.

During the six-month period ended June 30, 2013, the Corporation adopted a Performance share unit plan ("PSU plan") as part of its existing Long-term incentive plan. The Corporation granted 108,877 PSUs in the first six months of 2013, and compensation expense of $185 and $363 was recorded during the three and six-month periods ended June 30, 2013. *(For more information, see Note 14 of the Interim Consolidated Financial Statements.)*

Normal course issuer bid

During the six-month period ended June 30, 2013, the Corporation repurchased 86,100 common shares (500 in 2012) for cash consideration of $1,962 ($13 in 2012) including a share repurchase premium of $1,565 ($10 in 2012) applied as a reduction of retained earnings.

Information on capital stock

As a result of the above operations, as at June 30, 2013, the Corporation had 21,465,070 shares issued and outstanding (21,551,170 at December 31, 2012).

FINANCIAL POSITION

The various items in the consolidated statement of financial position may vary significantly due to corporate acquisitions and the fluctuation in the exchange rate.

During the quarter, there were no acquisitions that could significantly affect the financial position when compared to December 31, 2012. Furthermore, the exchange rates have remained relatively stable compared to the same period last year. As a result, there were no significant variances in the Corporation's financial position related to these factors.

The following table shows an analysis of the main variances in the consolidated statement of financial position.

(in thousands of US dollars)	**June 30 2013**	Dec. 31 2012	Restructu-ring	Impact of business acquisitions or disposals	Exchange rate impact	Net Variance	Explanations for net variance
Trade and other receivables	**229,386**	203,186	(2,176)	132	(3,029)	31,273	Mainly due to seasonality.
Inventory	**515,757**	528,634	(10,422)	1,045	(4,678)	1,178	Mainly due seasonality, partly offset by tight inventory management combined with the reduction of special purchases made at year end.
Trade and other payables	**(350,498)**	(309,104)	-	(45)	4,275	(45,624)	The Corporation took an increased advantage of better payment terms.
Other working capital items	**12,833**	32,237	(16,817)	8	134	(2,729)	
Working capital excluding cash, and instalments on long-term debt	**407,478**	454,953	(29,415)	1,140	(3,298)	(15,902)	
Intangible assets	**145,086**	153,572	(3,500)	135	(1,004)	(4,117)	The depreciation was higher than the acquisitions / development.
Long-term debt (including short-term portion)	**284,570**	309,549	-	(1,401)	83	(26,379)	Cash generated by operating activities permitted the reimbursement.

RELATED PARTY TRANSACTIONS

Other transactions

The Corporation incurred rental expenses of $842 for the three-month period ended June 30, 2013 ($891 for 2012) and $1,731 for the six month period ended June 30, 2013 ($1,775 for 2012) to the benefit of Clarit Realty Ltd., a company controlled by a related party. The associated lease agreements were concluded in the Corporation's normal course of business for various terms of no more than five years.

Transactions with subsidiaries are eliminated in the Consolidated Financial Statements. The Corporation's significant ownership interests in subsidiaries did not change during the first six month of 2013.

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 control analysis for operational, strategic and financial risk assessment in order to manage and implement activities with objectives to mitigate the main risks mentioned in the 2012 Annual Report.

No significant change occurred during the course of the six-month period of 2013 with respect to these risks.

ACCOUNTING POLICIES

NEW ACCOUNTING POLICY

The accounting policies applied for these interim Consolidated Financial Statements are consistent with the accounting policies described in the Corporation's 2012 audited Consolidated Financial Statements, except as described below.

Basis of consolidation

Joint ventures

Joint ventures are entities over whose activities the Corporation has joint control, established by contractual agreement. The Corporation's pro rata shares of the net assets of joint ventures in which the Corporation holds an interest are recognized from the date that joint control commences until the date that joint control ceases, using the equity method. Dividends received from a joint venture are recognized as a reduction of the investment. The Corporation's pro-rata share of the joint ventures' net earnings is recorded under "Equity income" in the Consolidated Statement of Earnings.

Long-term employee benefit obligations

Long-term employee benefit obligations include post-employment benefit obligations, stock-based compensation obligations and other obligations related to long-term employee remuneration or benefits.

Post-employment benefit obligations

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Corporation contributes to various plans that are accounted for as defined contribution plans. Contributions to the plans are recognized as an expense in the period that employee services are rendered.

A defined benefit pension plan is a post-employment pension plan other than a defined contribution plan. The Corporation has adopted the following policies for defined benefit plans:

- The Corporation's net obligation with respect to defined benefit pension plans is calculated by estimating the value of future benefits that employees have earned in return for their service in the current and prior periods less any unrecognized past service costs and the fair value of any plan assets;

- The cost of pension benefits earned by employees is actuarially determined using the projected unit credit method. The calculations reflect Management's best estimates of expected plan investment performance, salary increases, retirement ages and mortality rates of members and discount rate;
- For the purpose of calculating the expected return on plan assets, the valuation reflects the fair values of the assets;
- When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in net earnings on a straight-line basis over the average period until the benefits are vested. To the extent that the benefits vest immediately, the expense is recognized immediately in net earnings;
- Actuarial gains or losses arise from the difference between the actual rate of return on plan assets for a period and the expected long-term rate of return on plan assets for that period or from changes in actuarial assumptions used to determine the accrued benefit obligation. The actuarial gains or losses are recognized immediately in other comprehensive income and retained earnings in the Consolidated Financial Statements.

The current and past service costs related to the defined benefit pension plans is recorded within "Employee benefits" in the Interim Consolidated Financial Statements. The net interest income or expense on the net surplus or obligation is recorded within "Finance costs, net".

ADOPTED IN 2013

Employee benefits

In June 2011, the International Accounting Standards Board ("IASB") issued an amendment to IAS 19 "Employee Benefits" relating to the accounting for defined benefit pension plans and termination benefits. This amendment eliminates certain recognition and presentation choices previously permitted under IAS 19 and requires additional disclosures concerning the risks stemming from defined benefit plans. The Corporation has applied this amendment as of January 1, 2013, on a retrospective basis. The retrospective application of this amendment increased employee benefits expense by $203 and $409 for the three and six-month periods ended June 30, 2012. Net earnings for the three and six-month periods ended June 30, 2012 decreased by $149 and $299, respectively, net of income taxes of $54 and $110. Basic earnings per share decreased by $0.01 and $0.02 for the three and six-month periods ended June 30, 2012. Diluted earnings per share decreased by $0.01 for the three and six-month periods ended June 30, 2012. The actuarial loss on defined benefit pension plans decreased by $149 and $299 for the three and six-month periods ended June 30, 2012.

Joint arrangements

In May 2011, the IASB issued IFRS 11 "Joint Arrangements" which supersedes IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities – Non-monetary Contributions by Venturers". IFRS 11 focuses on the rights and obligations of a joint arrangement, rather than its legal form as is was the case under IAS 31. The standard requires the use of equity method to account for interests in jointly controlled entities. Prior to the adoption of this standard, the Corporation used the proportionate consolidation method to account for interests in joint ventures, but now applies the equity method under IFRS 11. Under the equity method, the Corporation's share of net assets, net income and other comprehensive income of joint ventures are presented as single line items in the Consolidated Statement of Financial Position, the Consolidated Statement of Earnings and the Consolidated Statement of Comprehensive Income, respectively. The Corporation has applied this standard as of January 1, 2013, on a retrospective basis. The Corporation's consolidated revenues and expenses and the geographic information now exclude the financial information of the joint ventures. The retrospective application had no impact on net earnings or earnings per share and the disclosure requirements have been incorporated into the Corporation's Interim Consolidated Financial Statements.

Financial instruments – Presentation

In May 2012, the IASB issued an amendment to IAS 32 "Financial instruments: Presentation". The amendment requires entities to account for income taxes relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction in accordance with IAS 12 "Income Taxes". The Corporation has applied this amendment as of January 1, 2013, on a retrospective basis. There was no impact on the Corporation's Interim Consolidated Financial Statements.

Financial Instruments – Disclosures
In December 2011, the IASB issued an amendment to IFRS 7 "Financial instruments: Disclosures", requiring disclosures about all recognized financial instruments that are offset in accordance with IAS 32 or that are subject to enforceable netting arrangements. The Corporation has applied this amendment as of January 1, 2013, on a retrospective basis. There was no impact on the Corporation's Interim Consolidated Financial Statements.

Consolidated financial statements
In May 2011, the IASB issued IFRS 10 "Consolidated Financial Statements". IFRS 10 requires an entity to consolidate an investee when it is exposed to, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and reporting policies of an entity as to obtain benefits from its activities. IFRS 10 replaces SIC-12 "Consolidation – Special Purpose Entities", and parts of IAS 27 "Consolidated and Separate Financial Statements". The Corporation has applied this amendment as of January 1, 2013. There was no impact on the Corporation's Interim Consolidated Financial Statements.

Disclosure of interests in other entities
In May 2011, the IASB issued IFRS 12 "Disclosure of Interests in Other Entities". IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard confirms existing disclosures and introduces additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The Corporation has applied this standard as of January 1, 2013. The disclosure requirements have been incorporated into the Corporation's Interim Consolidated Financial Statements.

Fair value measurement
In May 2011, the IASB issued IFRS 13 "Fair Value Measurement". IFRS 13 is a comprehensive standard for fair value measurements and disclosure requirements for use across all IFRS standards. The standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, and the measurement date. It also establishes disclosure requirements about fair value measurements. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The Corporation has applied this standard as of January 1, 2013, on a prospective basis.

FUTURE ACCOUNTING CHANGES

Impairment of assets
In May 2013, the IASB issued amendments to IAS 36 "Impairment of Assets", requiring additional disclosures about the recoverable amount of impaired non-financial assets if that amount is based on fair value less to sell. These amendments are effective for annual periods beginning on or after January 1, 2014, with earlier adoption permitted. The Corporation has not yet assessed the impact of these amendments.

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 not yet assessed the impact of these amendments.

.

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, income taxes and net earnings attributable to non-controlling interests. 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 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 is of the view that these measures are more representative of the Corporation’s operational performance and more appropriate in providing additional information. These adjustments include, amongst others, 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 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 bank indebtedness and long-term debt (including short-term portions), net of cash.
Ratio of total net debt to total invested capital	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 shareholders' equity	This ratio corresponds to the sum of long-term debt (including short-term portions) 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, 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:

	Second quarter		Six-month period	
	June 30, 2013	June 30, 2012	**June 30, 2013**	June 30, 2012
Average for the period For statement of earnings	**0.98**	0.99	**0.98**	0.99
			June 30, 2013	Dec. 31, 2012
Period end For statement of financial position			**0.95**	1.00

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 FINANCIALREPORTING

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 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 June 30, 2013, 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 June 30, 2013, 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 31, 2012 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

OUTLOOK

Uni-Select will focus on improving its performance and has established the following priorities for 2013:

- Pursuing its recently formalized Action Plan aimed at unlocking additional value for shareholders and centered on its US automotive operations, including network optimization as well as the reduction of expenses.

- Increasing recruitment of independent jobbers and installers to Uni-Select's banner and achieve its sales strategies to diversify and increase its market share;

- Reducing the level of indebtedness with cash generated by its operating activities.

Furthermore, with a final wave of implementation planned for 2013, this year will mark the completion of the ERP system deployment.

Through various initiatives and action plans, Management is confident that it will improve profitability and continue to reduce its debt in the coming quarters.

R. Roy

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 July 31, 2013.

Uni-Select Inc.

Interim Consolidated Financial Statements
for the quarter ended June 30, 2013

Notice related to the review of the Interim Consolidated Financial Statements
The Interim Consolidated Financial Statements for the three and six-month periods ended June 30, 2013 have not been reviewed by the independent auditors of the Corporation

UNI-SELECT INC.
CONSOLIDATED STATEMENT OF EARNINGS (LOSS)

(In thousands of US dollars, except per share amounts, unaudited)

	Three-month period ended June 30,		Six-month period ended June 30,	
	2013	2012	**2013**	2012
	$	$	**$**	$
Sales	**476,176**	476,748	**897,996**	922,008
Earnings before the following items:	**27,786**	29,524	**43,714**	53,432
Finance costs, net (Note 5)	**4,029**	4,865	**8,098**	9,982
Depreciation and amortization (Note 6)	**6,771**	7,078	**14,315**	13,104
Restructuring charges, write-off of assets and others (Note 7)	**35,180**	—	**35,180**	—
	(18,194)	17,581	**(13,879)**	30,346
Equity income	**949**	606	**1,507**	1,260
Earnings (Loss) before income taxes	**(17,245)**	18,187	**(12,372)**	31,606
Income tax expense (recovery) (Note 9)				
Current	**5,456**	71	**4,756**	8,115
Deferred	**(13,406)**	3,180	**(13,977)**	(2,435)
	(7,950)	3,251	**(9,221)**	5,680
Net earnings (loss)	**(9,295)**	14,936	**(3,151)**	25,926
Attributable to shareholders	**(9,295)**	14,936	**(3,151)**	26,017
Attributable to non-controlling interests	**—**	—	**—**	(91)
Net earnings (loss)	**(9,295)**	14,936	**(3,151)**	25,926
Earnings (Loss) per share (Note 8)				
Basic	**(0.43)**	0.69	**(0.15)**	1.20
Diluted	**(0.43)**	0.68	**(0.15)**	1.20
Weighted average number of common shares outstanding (in thousands) (Note 8)				
Basic	**21,465**	21,637	**21,482**	21,637
Diluted	**21,465**	22,877	**21,482**	22,876

The Consolidated Statement of Earnings (Loss) by nature is presented in Note 20.

The accompanying notes are an integral part of the Interim Consolidated Financial Statements.

UNI-SELECT INC.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)
(In thousands of US dollars, unaudited)

	Three-month period ended June 30,		Six-month period ended June 30,	
	2013	2012	**2013**	2012
	$	$	**$**	$
Net earnings (loss)	**(9,295)**	14,936	**(3,151)**	25,926
Other comprehensive income (loss)				
Items that may be subsequently reclassified to net earnings:				
Effective portion of changes in the fair value of cash flow hedges (net of an income tax expense (recovery) of $(60) and $47 for the three and six-month periods ($223 and $323 for 2012))	**(162)**	(606)	**129**	(877)
Net change in the fair value of derivative financial instruments designated as cash flow hedges transferred to earnings (net of an income tax expense of $97 and $195 for the three and six-month periods ($164 and $344 for 2012))	**215**	452	**481**	935
Unrealized exchange gains on the translation of financial statements to the presentation currency	**6,501**	4,819	**11,320**	315
Unrealized exchange losses on the translation of debt designated as a hedge of net investments in foreign operations	**(9,089)**	(6,494)	**(15,862)**	(495)
	(2,535)	(1,829)	**(3,932)**	(122)
Items that will not be subsequently reclassified to net earnings (loss):				
Actuarial gain (loss) on defined benefit pension plans (net of an income tax expense of $794 and $1,160 for the three and six-month periods ($632 and $420 for 2012))	**2,157**	(1,717)	**3,154**	(1,141)
Other comprehensive loss	**(378)**	(3,546)	**(778)**	(1,263)
Comprehensive income (loss)	**(9,673)**	11,390	**(3,929)**	24,663
Attributable to shareholders	**(9,673)**	11,390	**(3,929)**	24,754
Attributable to non-controlling interests	**—**	—	**—**	(91)
Comprehensive income (loss)	**(9,673)**	11,390	**(3,929)**	24,663

The accompanying notes are an integral part of the Interim Consolidated Financial Statements.

UNI-SELECT INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(In thousands of US dollars, unaudited)

	Attributable to shareholders							
	Share capital	Contributed surplus	Equity component of the convertible debentures	Retained earnings	Accumulated other comprehensive income (Note 16)	**Total**	**Attributable to non-controlling interests**	**Total equity**
	$	$	$	$	$	$	$	$
Balance, December 31, 2012	**88,563**	**392**	**1,687**	**384,902**	**8,661**	**484,205**	**—**	**484,205**
Net earnings (loss)	—	—	—	(3,151)	—	(3,151)	—	(3,151)
Other comprehensive income (loss)	—	—	—	3,154	(3,932)	(778)	—	(778)
Comprehensive income (loss)	—	—	—	3	(3,932)	(3,929)	—	(3,929)
Contributions by and distributions to shareholders:								
Share repurchases (Note 13)	(397)	—	—	(1,565)	—	(1,962)	—	(1,962)
Dividends	—	—	—	(5,429)	—	(5,429)	—	(5,429)
Stock-based compensation (Note 14)	—	835	—	—	—	835	—	835
	(397)	835	—	(6,994)	—	(6,556)	—	(6,556)
Balance, June 30, 2013	**88,166**	**1,227**	**1,687**	**377,911**	**4,729**	**473,720**	**—**	**473,720**
Balance, December 31, 2011	**88,940**	**452**	**1,687**	**367,272**	**6,229**	**464,580**	**1,033**	**465,613**
Net earnings	—	—	—	26,017	—	26,017	(91)	25,926
Other comprehensive loss	—	—	—	(1,141)	(122)	(1,263)	—	(1,263)
Comprehensive income	—	—	—	24,876	(122)	24,754	(91)	24,663
Contributions by and distributions to shareholders:								
Share issuances	29	—	—	—	—	29	—	29
Share repurchases (Note 13)	(3)	—	—	(10)	—	(13)	—	(13)
Dividends	—	—	—	(5,567)	—	(5,567)	—	(5,567)
Stock-based compensation (Note 14)	—	19	—	—	—	19	—	19
	26	19	—	(5,577)	—	(5,532)	—	(5,532)
Changes in ownership interests in subsidiaries that do not result in a loss of control:								
Repurchase of non-controlling interests	—	(98)	—	—	—	(98)	(955)	(1,053)
Foreign exchange translation adjustment on non-controlling interests	—	—	—	—	—	—	13	13
Balance, June 30, 2012	**88,966**	**373**	**1,687**	**386,571**	**6,107**	**483,704**	**—**	**483,704**

The accompanying notes are an integral part of the Interim Consolidated Financial Statements.

UNI-SELECT INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(In thousands of US dollars, unaudited)

	Three-month period ended June 30,		Six-month period ended June 30,	
	2013	2012	**2013**	2012
	$	$	**$**	$
OPERATING ACTIVITIES				
Net earnings (loss)	**(9,295)**	14,936	**(3,151)**	25,926
Non-cash items:				
Finance costs, net (Note 5)	**4,029**	4,865	**8,098**	9,982
Depreciation and amortization (Note 6)	**6,771**	7,078	**14,315**	13,104
Restructuring charges, write-off of assets and others (Note 7)	**35,180**	—	**35,180**	—
Income tax expense (recovery) (Note 9)	**(7,950)**	3,251	**(9,221)**	5,680
Other non-cash items	**(618)**	(335)	**(147)**	(345)
Changes in working capital items	**12,167**	6,216	**11,425**	(7,216)
Interest paid	**(2,805)**	(4,596)	**(7,732)**	(10,713)
Income taxes (paid) recovered	**1,919**	715	**1,187**	(1,404)
Cash flows from operating activities	**39,398**	32,130	**49,954**	35,014
INVESTING ACTIVITIES				
Business acquisitions	**(448)**	(759)	**(1,401)**	(2,329)
Repurchase of non-controlling interests	**—**	(1,053)	**—**	(1,053)
Balances of purchase price	**(136)**	(533)	**(252)**	(897)
Advances to merchant members	**(3,775)**	(5,478)	**(6,883)**	(7,891)
Receipts on investments and advances to merchant members	**1,781**	1,870	**4,257**	3,316
Acquisitions of property and equipment	**(2,056)**	(4,388)	**(6,508)**	(5,667)
Disposals of property and equipment	**307**	98	**483**	220
Acquisitions and development of intangible assets	**(3,281)**	(1,974)	**(4,009)**	(7,073)
Cash flows used in investing activities	**(7,608)**	(12,217)	**(14,313)**	(21,374)
FINANCING ACTIVITIES				
Increase in long-term debt	**4,752**	19,560	**201,691**	40,774
Repayment of long-term debt	**(33,886)**	(37,501)	**(229,499)**	(49,946)
Merchant members' deposits in the guarantee fund	**36**	61	**(467)**	(55)
Share issuances	**—**	29	**—**	29
Share repurchases (Note 13)	**—**	—	**(1,962)**	(13)
Dividends paid	**(2,704)**	(2,735)	**(5,443)**	(5,351)
Cash flows used in financing activities	**(31,802)**	(20,586)	**(35,680)**	(14,562)
Effects of fluctuations in exchange rates on cash	**(3)**	(11)	**(5)**	8
Decrease in cash	**(15)**	(684)	**(44)**	(914)
Cash, beginning of period	**93**	825	**122**	1,055
Cash, end of period	**78**	141	**78**	141

The accompanying notes are an integral part of the Interim Consolidated Financial Statements.

UNI-SELECT INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(In thousands of US dollars, unaudited)

	June 30, 2013	December 31, 2012
	$	$
ASSETS		
Current assets:		
Cash	**78**	122
Trade and other receivables	**229,386**	203,186
Income taxes receivable	**21,585**	27,917
Inventory	**515,757**	528,634
Prepaid expenses	**12,087**	11,527
Total current assets	**778,893**	771,386
Equity investments and advances to merchant members	**37,728**	36,249
Property and equipment (Note 10)	**48,229**	49,731
Intangible assets (Note 11)	**145,086**	153,572
Goodwill (Note 11)	**184,908**	187,081
Deferred tax assets	**53,608**	41,926
TOTAL ASSETS	**1,248,452**	1,239,945
LIABILITIES		
Current liabilities:		
Trade and other payables	**350,498**	309,104
Provision for restructuring charges, write-off of assets and others (Note 7)	**18,186**	4,392
Dividends payable	**2,653**	2,815
Current portion of long-term debt and merchant members' deposits in the guarantee fund	**4,740**	19,073
Total current liabilities	**376,077**	335,384
Long-term employee benefit obligations	**20,934**	26,903
Long-term debt (Note 12)	**279,830**	290,476
Convertible debentures	**46,944**	49,099
Merchant members' deposits in the guarantee fund	**6,930**	7,768
Derivative financial instruments	**1,039**	1,891
Deferred tax liabilities	**42,978**	44,219
TOTAL LIABILITIES	**774,732**	755,740
EQUITY		
Share capital (Note 13)	**88,166**	88,563
Contributed surplus	**1,227**	392
Equity component of the convertible debentures	**1,687**	1,687
Retained earnings	**377,911**	384,902
Accumulated other comprehensive income (Note 16)	**4,729**	8,661
TOTAL EQUITY	**473,720**	484,205
TOTAL LIABILITIES AND EQUITY	**1,248,452**	1,239,945

The accompanying notes are an integral part of the Interim Consolidated Financial Statements.

1 – GOVERNING STATUTE AND NATURE OF OPERATIONS

Uni-Select Inc. (the "Company") is a corporation domiciled in Canada and duly incorporated and governed by the Business Corporations Act (Québec). The Company is the parent company of a group of entities which includes the Company 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 Company's registered office is located at 170 Industriel Blvd., Boucherville, Québec, Canada.

These condensed Interim Consolidated Financial Statements present the operations and financial position of the Company and all of its subsidiaries as well as the Corporation's interests in jointly controlled entities.

The Company'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 IAS 34 "Interim Financial Reporting" and do not include all of the information required for annual financial statements. The Interim Consolidated Financial Statements should be read in conjunction with the Corporation's December 31, 2012 audited Consolidated Financial Statements.

The accounting policies applied for the three and six-month periods ended June 30, 2013 comply with International Financial Reporting Standards ("IFRS"), and are consistent with the accounting policies applied by the Corporation in its December 31, 2012 audited Consolidated Financial Statements except as described in Note 3.

These Interim Consolidated Financial Statements were approved and authorized for issuance by the Company's Board of Directors on July 31, 2013.

Basis of measurement
The 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 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. The 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 December 31, 2012 audited Consolidated Financial Statements.

3 – ACCOUNTING POLICIES

The accounting policies applied for these interim Consolidated Financial Statements are consistent with the accounting policies described in the Corporation's 2012 audited Consolidated Financial Statements, except as described below.

Basis of consolidation

(i) Joint ventures
Joint ventures are entities over whose activities the Corporation has joint control, established by contractual agreement. The Corporation's pro-rata shares of the net assets of joint ventures in which the Corporation holds an interest are recognized from the date that joint control commences until the date that joint control ceases, using the equity method. Dividends received from a joint venture are recognized as a reduction of the investment. The Corporation's pro-rata share of the joint ventures' net earnings is recorded under "Equity income" in the Consolidated Statement of Earnings.

Long-term employee benefit obligations

Long-term employee benefit obligations include post-employment benefit obligations, stock-based compensation obligations and other obligations related to long-term employee remuneration or benefits.

(i) Post-employment benefit obligations
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Corporation contributes to various plans that are accounted for as defined contribution plans. Contributions to the plans are recognized as an expense in the period that employee services are rendered.

A defined benefit pension plan is a post-employment pension plan other than a defined contribution plan. The Corporation has adopted the following policies for defined benefit plans:

- The Corporation's net obligation with respect to defined benefit pension plans is calculated by estimating the value of future benefits that employees have earned in return for their service in the current and prior periods less any unrecognized past service costs and the fair value of any plan assets;
- The cost of pension benefits earned by employees is actuarially determined using the projected unit credit method. The calculations reflect Management's best estimates of expected plan investment performance, salary increases, retirement ages and mortality rates of members and discount rate;
- For the purpose of calculating the expected return on plan assets, the valuation reflects the fair values of the assets;
- When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in net earnings on a straight-line basis over the average period until the benefits are vested. To the extent that the benefits vest immediately, the expense is recognized immediately in net earnings;
- Actuarial gains or losses arise from the difference between the actual rate of return on plan assets for a period and the expected long-term rate of return on plan assets for that period or from changes in actuarial assumptions used to determine the accrued benefit obligation. The actuarial gains or losses are recognized immediately in other comprehensive income and retained earnings in the Consolidated Financial Statements.

The current and past service costs related to the defined benefit pension plans is recorded within "Employee benefits" in the Interim Consolidated Financial Statements. The net interest income or expense on the net surplus or obligation is recorded within "Finance costs, net".

4 – CHANGES IN ACCOUNTING POLICIES

ADOPTED IN 2013

(i) Employee benefits
In June 2011, the International Accounting Standards Board (“IASB”) issued an amendment to IAS 19 “Employee Benefits” relating to the accounting for defined benefit pension plans and termination benefits. This amendment eliminates certain recognition and presentation choices previously permitted under IAS 19 and requires additional disclosures concerning the risks stemming from defined benefit plans. The Corporation has applied this amendment as of January 1, 2013, on a retrospective basis. The retrospective application of this amendment increased employee benefits expense by $203 and $409 for the three and six-month periods ended June 30, 2012. Net earnings for the three and six-month periods ended June 30, 2012 decreased by $149 and $299, respectively, net of income taxes of $54 and $110. Basic earnings per share decreased by $0.01 and $0.02 for the three and six-month periods ended June 30, 2012. Diluted earnings per share decreased by $0.01 for the three and six-month periods ended June 30, 2012. The actuarial loss on defined benefit pension plans decreased by $149 and $299 for the three and six-month periods ended June 30, 2012.

(ii) Joint arrangements
In May 2011, the IASB issued IFRS 11 “Joint Arrangements” which supersedes IAS 31 “Interests in Joint Ventures” and SIC-13 “Jointly Controlled Entities – Non-monetary Contributions by Venturers”. IFRS 11 focuses on the rights and obligations of a joint arrangement, rather than its legal form as was in the case under IAS 31. The standard requires the use of the equity method to account for interests in jointly controlled entities. Prior to the adoption of this standard, the Corporation used the proportionate consolidation method to account for its interests in joint ventures, but now applies the equity method under IFRS 11. Under the equity method, the Corporation’s share of net assets, net income and other comprehensive income of joint ventures are presented as single line items in the Consolidated Statement of Financial Position, the Consolidated Statement of Earnings and the Consolidated Statement of Comprehensive Income, respectively. The Corporation has applied this standard as of January 1, 2013, on a retrospective basis. The Corporation’s consolidated revenues and expenses and the geographic information now exclude the financial information of the joint ventures. The retrospective application had no impact on net earnings or earnings per share and the disclosure requirements have been incorporated into the Corporation’s Interim Consolidated Financial Statements.

(iii) Financial instruments - Presentation
In May 2012, the IASB issued an amendment to IAS 32 “Financial instruments: Presentation”. The amendment requires entities to account for income taxes relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction in accordance with IAS 12 “Income Taxes”. The Corporation has applied this amendment as of January 1, 2013, on a retrospective basis. There was no impact on the Corporation’s Interim Consolidated Financial Statements.

(iv) Financial Instruments – Disclosures
In December 2011, the IASB issued an amendment to IFRS 7 “Financial instruments: Disclosures”, requiring disclosures about all recognized financial instruments that are offset in accordance with IAS 32 or that are subject to enforceable netting arrangements. The Corporation has applied this amendment as of January 1, 2013, on a retrospective basis. There was no impact on the Corporation’s Interim Consolidated Financial Statements.

(v) Consolidated financial statements
In May 2011, the IASB issued IFRS 10 “Consolidated Financial Statements”. IFRS 10 requires an entity to consolidate an investee when it is exposed to, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and reporting policies of an entity as to obtain benefits from its activities. IFRS 10 replaces SIC-12 “Consolidation – Special Purpose Entities”, and parts of IAS 27 “Consolidated and Separate Financial Statements”. The Corporation has applied this amendment as of January 1, 2013. There was no impact on the Corporation’s Interim Consolidated Financial Statements.

(vi) Disclosure of interests in other entities
In May 2011, the IASB issued IFRS 12 “Disclosure of Interests in Other Entities”. IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard confirms existing disclosures and introduces additional disclosure requirements that address the nature of, and risks associated with, an entity’s interests in other entities. The Corporation has applied this standard as of January 1, 2013. The disclosure requirements have been incorporated into the Corporation’s Interim Consolidated Financial Statements.

(vii) Fair value measurement
In May 2011, the IASB issued IFRS 13 “Fair Value Measurement”. IFRS 13 is a comprehensive standard for fair value measurements and disclosure requirements for use across all IFRS standards. The standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, and the measurement date. It also establishes disclosure requirements about fair value measurements. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The Corporation has applied this standard as of January 1, 2013, on a prospective basis.

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

4 – CHANGES IN ACCOUNTING POLICIES (CONTINUED)

FUTURE ACCOUNTING CHANGES

(i) Impairment of assets
In May 2013, the IASB issued amendments to IAS 36 “Impairment of Assets”, requiring additional disclosures about the recoverable amount of impaired non-financial assets if that amount is based on fair value less to sell. These amendments are effective for annual periods beginning on or after January 1, 2014, with earlier adoption permitted. The Corporation has not yet assessed the impact of these amendments.

(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 not yet assessed the impact of these amendments.

5 – FINANCE COSTS, NET

	Three-month period ended June 30,		**Six-month period ended June 30,**	
	2013	2012	**2013**	2012
	$	$	**$**	$
Interest on bank indebtedness	**—**	—	**—**	5
Interest on long-term debt	**2,186**	2,751	**4,450**	5,684
Interest on convertible debentures	**746**	756	**1,503**	1,517
Accreted interest on convertible debentures	**111**	109	**222**	220
Amortization of financing costs	**410**	377	**730**	756
Interest on the net defined benefit obligation	**278**	297	**559**	597
Interest on merchant members’ deposits in the guarantee fund and others	**80**	42	**122**	84
Reclassification of realized losses to net earnings on derivative financial instruments designated as cash flow hedges	**312**	616	**676**	1,279
Total finance costs	**4,123**	4,948	**8,262**	10,142
Interest income from merchant members	**(94)**	(83)	**(164)**	(160)
Total finance costs, net	**4,029**	4,865	**8,098**	9,982

6 – DEPRECIATION AND AMORTIZATION

	Three-month period ended June 30,		**Six-month period ended June 30,**	
	2013	2012	**2013**	2012
	$	$	**$**	$
Depreciation of property and equipment	**3,196**	3,337	**6,454**	6,483
Amortization of intangible assets	**3,575**	3,741	**7,861**	6,621
Total depreciation and amortization	**6,771**	7,078	**14,315**	13,104

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

7 – RESTRUCTURING CHARGES, WRITE-OFF OF ASSETS AND OTHERS

During the second quarter of 2013, the Corporation's Board of Directors approved an internal strategic and operational plan (the "Action Plan"), which will complement the distribution network consolidation plan announced in 2012. The Action Plan includes the closure and rightsizing of certain stores and warehouses, as well as the addition of two new facilities, among other initiatives. The total cost of implementing the Action Plan is expected to be approximately $45,000, of which $13,000 represents cash disbursements net of income tax recoveries, and the plan is expected to be completed by the end of 2014.

The Corporation recognized additional restructuring charges of $31,680 in the second quarter of 2013 related to site closure and consolidation costs, which include initiatives to liquidate redundant inventory of $10,423, site decommissioning costs of $4,966, employee termination benefits of $4,254, the recognition of future lease obligations of $8,422 and write-downs of certain assets to their net realizable value for $3,615. The Corporation also recorded a write-off of $3,500 in the value of certain software which will no longer be used in its operations.

At June 30, 2013, the resulting provision for restructuring charges, write-off of assets and others is presented as current liabilities in the Corporation's Consolidated Statement of Financial Position, the details of which are as follows:

	2013
	$
Balance, January 1	4,392
Restructuring charges, write-off of assets and others recognized during the period	17,642
Provision used during the period	(3,818)
Effects of fluctuations in exchange rates	(30)
Balance, June 30	**18,186**

8 – EARNINGS (LOSS) PER SHARE

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

	Three-month period ended June 30,		**Six-month period ended June 30,**	
	2013	2012	**2013**	2012
	$	$	**$**	$
Net earnings (loss) attributable to shareholders considered for basic earnings per share	**(9,295)**	14,936	**(3,151)**	26,017
Conversion impact of the convertible debentures	**—**	711	**—**	1,427
Net earnings (loss) attributable to shareholders considered for diluted earnings per share	**(9,295)**	15,647	**(3,151)**	27,444
Weighted average number of common shares outstanding for basic earnings per share	**21,465,070**	21,637,142	**21,482,492**	21,636,751
Conversion impact of the convertible debentures	**—**	1,239,224	**—**	1,239,224
Impact of the stock options (1)	**—**	640	**—**	440
Weighted average number of common shares outstanding for diluted earnings per share	**21,465,070**	22,877,006	**21,482,492**	22,876,415
Earnings (Loss) per share				
Basic	**(0.43)**	0.69	**(0.15)**	1.20
Diluted	**(0.43)**	0.68	**(0.15)**	1.20

(1) For the three and six-month periods ended June 30, 2013, 358,338 stock options 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. The convertible debentures were excluded from the three and six-month periods ended June 30, 2013 as the conversion impact was anti-dilutive for both periods.

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

9 – INCOME TAXES

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 Statement of Earnings:

	Three-month period ended June 30,		Six-month period ended June 30,	
	2013	2012	**2013**	2012
	$	$	**$**	$
Income taxes at the Corporation's statutory tax rate –27.13% and 27.09% for the three and six-month periods (26.74% and 26.74% for 2012)	**(4,678)**	4,864	**(3,352)**	8,453
Effect of tax rates in foreign jurisdictions	**(46)**	637	**253**	1,734
Investments recognized using the equity method	**(257)**	(162)	**(408)**	(337)
Tax benefit from a financing structure	**(3,519)**	(2,189)	**(6,391)**	(4,771)
Non-deductible expenses	**362**	212	**533**	433
Others	**188**	(111)	**144**	168
Income tax expense (recovery) reported in the Consolidated Statement of Earnings	**(7,950)**	3,251	**(9,221)**	5,680

10 – PROPERTY AND EQUIPMENT

	Land and paving	Buildings	Furniture and equipment	Computer equipment and software	Automotive equipment	Leasehold improvements	Total
	$	$	$	$	$	$	$
Cost	2,671	16,375	42,035	27,999	29,777	11,960	130,817
Accumulated depreciation	(278)	(8,091)	(29,809)	(19,108)	(15,338)	(8,462)	(81,086)
Balance, December 31, 2012	2,393	8,284	12,226	8,891	14,439	3,498	49,731
Depreciation	(5)	(236)	(1,289)	(1,686)	(2,616)	(622)	(6,454)
Disposals	(4)	—	(58)	(3)	(167)	(10)	(242)
Acquisitions through business combinations	—	—	—	3	72	—	75
Additions	15	148	1,858	658	4,180	429	7,288
Write-offs	—	(64)	(925)	(267)	—	(184)	(1,440)
Effects of fluctuations in exchange rates	(98)	(218)	(223)	(105)	(42)	(43)	(729)
Net changes	(92)	(370)	(637)	(1,400)	1,427	(430)	(1,502)
Cost	2,569	15,917	41,569	27,752	32,437	11,764	132,008
Accumulated depreciation	(268)	(8,003)	(29,980)	(20,261)	(16,571)	(8,696)	(83,779)
Balance, June 30, 2013	**2,301**	**7,914**	**11,589**	**7,491**	**15,866**	**3,068**	**48,229**

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

11 – INTANGIBLE ASSETS AND GOODWILL

				Intangible assets	Goodwill
	Trademarks	Customer relationships and others	Software	Total	
	$	$	$	$	$
Cost	8,650	76,692	99,793	185,135	187,081
Accumulated amortization	—	(14,489)	(17,074)	(31,563)	—
Balance, December 31, 2012	8,650	62,203	82,719	153,572	187,081
Amortization	—	(3,566)	(4,295)	(7,861)	—
Additions from internal development	—	—	990	990	—
Additions	—	6	2,750	2,756	—
Acquisitions through business combinations	—	135	—	135	50
Disposals	—	—	(3)	(3)	—
Write-offs	—	—	(3,500)	(3,500)	—
Effect of fluctuations in exchange rates	—	(62)	(941)	(1,003)	(2,223)
Net changes	—	(3,487)	(4,999)	(8,486)	(2,173)
Cost	8,650	76,749	98,567	183,966	184,908
Accumulated amortization	—	(18,033)	(20,847)	(38,880)	—
Balance, June 30, 2013	**8,650**	**58,716**	**77,720**	**145,086**	**184,908**

12 – CREDIT FACILITIES AND LONG-TERM DEBT

Credit facilities

During the first quarter of 2013, the Corporation amended the terms of its credit facility and extended its maturity by one year to January 7, 2017. The term loan for a remaining amount of $177,500 was converted into an operating loan under the revolving loan portion of the credit facility, which was increased from $427,500 to $435,000, and subsequently reduced to $400,000. The Corporation benefits from reduced effective interest rates under the amended terms of the credit facility.

Subsequent to the amendment, the Corporation's credit facility consists of a long-term revolving facility of $400,000 which is available in Canadian or US dollars and can be repaid at any time without penalty. The variable interest rates are based on the LIBOR in US dollars, bankers' acceptances and prime rates plus the applicable margins.

Long-term debt

				June 30,	December 31,
	Maturity	Effective interest rate	**Current portion**	**2013**	2012
		%	**$**	**$**	$
Revolving facility, variable rates, designated as a hedge of net investments in foreign operations – $282,500 ($116,000 at December 31, 2012)	2017	2.30% to 5.60%	**—**	**271,300**	119,098
Term loan, variable rates, designated as a hedge of net investments in foreign operations – nil ($181,250 at December 31, 2012)	2016	2.58% to 5.98%	**—**	**—**	179,380
Finance leases, variable rates	—	—	**4,620**	**13,112**	10,864
Others	2021	0%	**2**	**40**	47
			4,622	**284,452**	309,389
Instalments due within a year				**4,622**	18,913
Long-term debt				**279,830**	290,476

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

13 – SHARE CAPITAL

During the six-month period ended June 30, 2013, the Corporation repurchased 86,100 common shares (500 in 2012) for cash consideration of $1,962 ($13 in 2012) including a share repurchase premium of $1,565 ($10 in 2012) applied as a reduction of retained earnings.

As a result of the share repurchases, 21,465,070 common shares (21,551,170 at December 31, 2012) were outstanding at June 30, 2013.

14 – STOCK-BASED COMPENSATION

The Corporation’s stock-based compensation plan includes an equity-settled common share stock option plan for directors, management employees and officers and cash-settled plans consisting of a deferred share unit plan and a performance share unit plan.

For the six-month period ended June 30, 2013, 298,338 stock options with an exercise price of C$22.90 were granted to management employees and officers of the Corporation, and compensation expense of $521 and $835 ($9 and $19 for 2012) was recorded for the three and six-month periods related to the 358,338 stock options outstanding under the Corporation’s stock option plan at June 30, 2013.

During the six-month period ended June 30, 2013, the Corporation formally adopted its Deferred share unit plan (“DSU plan”) and granted 20,565 deferred share units (“DSUs”). Compensation expense of $170 and $370 was recorded for the three and six-month periods ended June 30, 2013, respectively, related to the 30,669 DSUs outstanding at June 30, 2013.

During the six-month period ended June 30, 2013, the Corporation adopted a Performance share unit plan (“PSU plan”) as part of its existing Long-term incentive plan. Under the amended terms of the Long-term incentive plan, certain management employees receive a portion of their annual incentives under the plan as a combination of common share stock options and performance share units (“PSUs”). The value of each PSU is equal to the average closing price of one common share of the Corporation listed on the TSX for the five consecutive trading days immediately preceding the day on which the value is to be determined (“PSU value”). PSUs vest at the end of a three-year period following the date of issuance (“redemption event”). The holder is entitled to receive in cash the PSU value for each PSU vested multiplied by a performance factor based on the achievement of selected financial targets. The Corporation granted 108,877 PSUs in the first six months of 2013, and compensation expense of $185 and $363 was recorded during the three and six-month periods ended June 30, 2013.

15 – POST-EMPLOYMENT BENEFIT OBLIGATIONS

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

For the three-month period ended June 30, 2013, the employee benefits expense related to the Corporation’s defined benefit pension plans was $856 ($847 for 2012), and the net interest expense of $278 ($297 for 2012) was recorded in “Finance costs, net”. Employee benefits expense of $621 ($632 for 2012) related to the Corporation’s defined contribution pension plans was also recognized for the same period.

For the six-month period ended June 30, 2013, the employee benefits expense related to the Corporation’s defined benefit pension plans was $1,712 ($1,724 for 2012), and the net interest expense of $559 ($597 for 2012) was recorded in “Finance costs, net”. Employee benefits expense of $1,085 ($1,254 for 2012) related to the Corporation’s defined contribution pension plans was also recognized for the same period.

16 – ACCUMULATED OTHER COMPREHENSIVE INCOME

	Cumulative translation account	Unrealized exchange gains (losses) on the translation of debt designated as a hedge of net investments in foreign operations	Accumulated changes in fair value of derivative financial instruments designated as cash flow hedges	Total
	$	$	$	$
Balance, December 31, 2012	530	9,500	(1,369)	8,661
Other comprehensive income (loss)	11,320	(15,862)	610	(3,932)
Balance, June 30, 2013	**11,850**	**(6,362)**	**(759)**	**4,729**
Balance, December 31, 2011	5,446	2,612	(1,829)	6,229
Other comprehensive income (loss)	315	(495)	58	(122)
Balance, June 30, 2012	5,761	2,117	(1,771)	6,107

17 – RELATED PARTIES

The Corporation incurred rental expenses of $842 ($891 for 2012) and $1,731 ($1,775 for 2012) for the three and six-month periods ended June 30, 2013, respectively, to the benefit of Clarit Realty Ltd., a company controlled by a related party. The associated lease agreements were concluded in the Corporation's normal course of business for various terms of no more than five years.

18 – FINANCIAL INSTRUMENTS

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.

Financial assets classified as available-for-sale
The fair value of investments and advances to merchant members could not be determined given that the shares are not publicly traded. Substantially all advances and customer investments result from transactions with merchant members.

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 fair value of long-term debt 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. At June 30, 2013, 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 merchant members' deposits in the guarantee fund could not be determined given that they are not publicly traded.

The carrying amount and fair value of the convertible debentures were $46,944 and $48,725, respectively, at June 30, 2013 ($49,099 and $52,543 at December 31, 2012). The fair value of the convertible debentures was determined using their bid price (level 1 from the fair value hierarchy) at the end of the period.

Financial liabilities carried at fair value
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 $1,039 at June 30, 2013 ($1,891 at December 31, 2012). The fair value of derivative financial instruments was determined using quoted prices for similar assets or liabilities (level 2 from the fair value hierarchy).

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

19 – GEOGRAPHIC INFORMATION

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 period ended June 30,		**Six-month period ended June 30,**	
	2013	2012	**2013**	2012
	$	$	**$**	$
Sales				
United States	**339,530**	337,361	**655,118**	672,397
Canada	**136,646**	139,387	**242,878**	249,611
Total	**476,176**	476,748	**897,996**	922,008

			June 30, 2013
	United States	**Canada**	**Total**
	$	**$**	**$**
Property and equipment	**35,294**	**12,935**	**48,229**
Intangible assets	**127,057**	**18,029**	**145,086**
Goodwill	**144,806**	**40,102**	**184,908**

			December 31, 2012
	United States	Canada	Total
	$	$	$
Property and equipment	35,278	14,453	49,731
Intangible assets	134,323	19,249	153,572
Goodwill	144,756	42,325	187,081

20 – CONSOLIDATED STATEMENT OF EARNINGS BY NATURE

	Three-month period ended June 30,		Six-month period ended June 30,	
	2013	2012	**2013**	2012
	$	$	**$**	$
Sales	**476,176**	476,748	**897,996**	922,008
Operating expenses				
Employee benefits	**74,645**	77,390	**149,082**	156,004
Purchases, net of changes in inventories	**333,910**	329,028	**625,679**	628,332
Other expenses	**39,835**	40,806	**79,521**	84,240
	448,390	447,224	**854,282**	868,576
Earnings before depreciation and amortization, restructuring charges, write-off of assets and others, finance costs, equity income and income taxes	**27,786**	29,524	**43,714**	53,432
Depreciation and amortization (Note 6)	**6,771**	7,078	**14,315**	13,104
Restructuring charges, write-off of assets and others (Note 7)	**35,180**	—	**35,180**	—
	41,951	7,078	**49,495**	13,104
Operating profit (loss)	**(14,165)**	22,446	**(5,781)**	40,328
Finance costs, net (Note 5)	**4,029**	4,865	**8,098**	9,982
	(18,194)	17,581	**(13,879)**	30,346
Equity income	**949**	606	**1,507**	1,260
Income tax expense (recovery) (Note 9)				
Current	**5,456**	71	**4,756**	8,115
Deferred	**(13,406)**	3,180	**(13,977)**	(2,435)
	(7,950)	3,251	**(9,221)**	5,680
Net earnings (loss)	**(9,295)**	14,936	**(3,151)**	25,926
Attributable to shareholders	**(9,295)**	14,936	**(3,151)**	26,017
Attributable to non-controlling interests	**—**	—	**—**	(91)
	(9,295)	14,936	**(3,151)**	25,926
Earnings (Loss) per share (Note 8)				
Basic	**(0.43)**	0.69	**(0.15)**	1.20
Diluted	**(0.43)**	0.68	**(0.15)**	1.20
Weighted average number of common shares outstanding (in thousands) (Note 8)				
Basic	**21,465**	21,637	**21,482**	21,637
Diluted	**21,465**	22,877	**21,482**	22,876