

# Consolidated Interim Report

# 3



3<sup>rd</sup> quarter  
Period ended September 30, 2009

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**INTRODUCTION**

This Management Report on the operating results and cash flows of the Company for the period ended September 30, 2009 compared to the period ended September 30, 2008 and on its financial position for the period ended September 30, 2009 compared to December 31, 2008 should be read in conjunction with the consolidated financial statements and accompanying notes. The information contained in this Management Report takes into account any major event that occurred prior to November 11, 2009, on which date the financial statements and Management Report were approved by the Board of Directors of the Company. It presents the status and business context of the Company as they were, to management's best knowledge, at the time these lines were written.

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

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

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

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

**SUMMARY**

**Excluding discontinued operations, as described in Point 1, Uni-Select recorded sales of \$359,236 in the third quarter of 2009, up 16.6% from the same quarter in 2008. These sales reflect a contribution from acquisitions and an organic growth of 4.2%. Moreover, Uni-Select managed to increase its EBITDA by 16.4% despite increased pressure on margins due to difficult economic conditions. This improvement vouches for the effectiveness of productivity improvement programs and the cost and asset control measures implemented in the previous quarters.**

## 1. DISCONTINUED OPERATIONS

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

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

As announced on August 17, 2009, the Company has proceeded to the disposal of certain assets of its Palmar Inc. subsidiary, which constitutes all of the Heavy Duty Group segment. Proceeds from the sale will be used to reduce debt and the corresponding interest expense, providing for greater flexibility in business development.

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

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

(in thousands of dollars, except for per-share amounts and percentages)						
	Third Quarter ended			Nine-month periods ended		
	Sept. 30, 2009	Sept. 30 2008	%	Sept. 30 2009	Sept. 30 2008	%
Sales	<b>359,236</b>	308,162	16.6 %	<b>1,094,241</b>	894,531	22.3 %
Operating income (EBITDA)	<b>27,009</b>	23,195	16.4 %	<b>79,336</b>	63,857	24.2 %
<i>EBITDA margin</i>	<i>7.5 %</i>	<i>7.5%</i>		<i>7.3 %</i>	<i>7.1%</i>	
Earnings before income taxes and non-controlling interest	<b>21,490</b>	19,168	12.1 %	<b>62,253</b>	51,309	21.3 %
Earnings from continuing operations	<b>13,018</b>	11,909	9.3 %	<b>38,041</b>	31,992	18.9 %
Net earnings	<b>7,901</b>	12,354	(36.0 %)	<b>31,322</b>	31,104	0.7 %
<b>COMMON SHARE DATA</b>						
Earnings and diluted earnings per share from continuing operations	<b>0.66</b>	0.60		<b>1.93</b>	1.62	
Earnings and diluted earnings per share	<b>0.40</b>	0.63		<b>1.59</b>	1.58	
Dividend paid per share	<b>0.117</b>	0.108		<b>0.342</b>	0.323	
Number of shares issued and outstanding	<b>19,714,128</b>	19,727,958		<b>19,714,128</b>	19,727,958	
Weighted average number of outstanding shares	<b>19,714,128</b>	19,727,958		<b>19,707,862</b>	19,732,080	
<b>FINANCIAL POSITION</b>				<b>Sept. 30 2009</b>	<b>Dec 31. 2008</b>	
Working capital				<b>445,587</b>	477,593	
Total assets				<b>830,596</b>	874,084	
Total net indebtedness				<b>157,148</b>	208,276	
Long-term debt to shareholders' equity ratio				<b>51.4 %</b>	58.4 %	
Funded debt to EBITDA				<b>1.47</b>	2.25	
Total net debt on invested capital				<b>29.7 %</b>	35.8 %	
Return on shareholders' equity from continuing operations				<b>14.4 %</b>	13.4 %	
Return on shareholder's equity				<b>12.9%</b>	13.6%	
Book value per share				<b>18.85</b>	18.92	

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

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

• **Automotive Group Canada**, comprised of various subsidiaries, joint ventures and divisions, specializes in the distribution of automotive replacement parts, tools and accessories across Canada. Its customer base consists primarily of 541 independent jobbers serving installers and collision repair centres, as well as large national chains of installers. Through its 6 distribution centres and 7 satellite warehouses located in all of Canada’s major regions, Automotive Group Canada manages some 350,000 different products, mainly national brands, which it sources from a pool of North American and international manufacturers. Besides distribution services, the group provides merchant members with a broad selection of services on a menu basis, including several differentiating marketing programs under distinctive banners, training activities, IT management tools, financing and various programs aimed at supporting its customers’ operations and expansion. Automotive Group Canada also operates 19 corporate stores.

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

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

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

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

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

The Company also uses “total net indebtedness”, which consists of bank indebtedness, long-term debt and merchant members’ deposits in a guarantee fund (including current portions), net of cash and cash equivalents. It also uses the “total net debt to total invested capital ratio”; this ratio corresponds to the percentage of total net debt divided by the sum of total net debt and shareholders’ equity. These two measurements are not defined by GAAP and may, therefore, not be comparable to similarly titled measures used by other companies. They are used by Uni-Select because they are widely accepted indicators of a company’s short and long-term financial health.

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

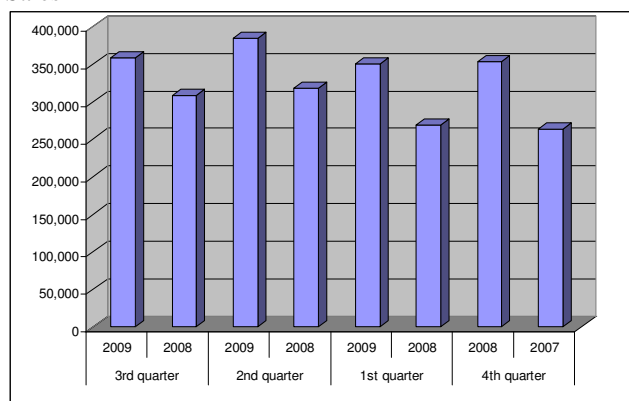
**5. CONSOLIDATED QUARTERLY OPERATING RESULTS (related to continuing operations)**

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

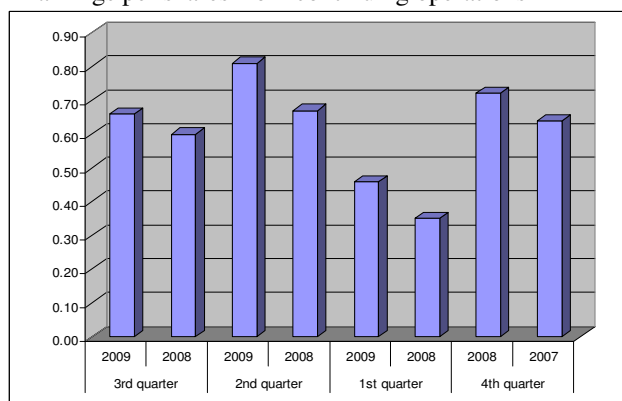
(in thousands of dollars, except for per-share amounts and percentages)

	3 <sup>rd</sup> quarter		2 <sup>nd</sup> quarter		1 <sup>st</sup> quarter		4 <sup>th</sup> quarter	
	2009	2008	2009	2008	2009	2008	2008	2007
Sales	<b>359,236</b>	308,162	<b>384,161</b>	317,685	350,844	268,684	353,021	263,907
Operating income (EBITDA)	<b>27,009</b>	23,195	<b>31,618</b>	25,017	20,709	15,645	27,808	21,977
<i>EBITDA margin</i>	<b>7.5%</b>	7.5%	<b>8.2%</b>	7.9%	5.9 %	5.8 %	7.9 %	8.3 %
Earnings from continuing operations	<b>13,018</b>	11,909	<b>16,029</b>	13,179	8,994	6,904	14,288	12,651
Net earnings	<b>7,901</b>	12,354	<b>15,408</b>	12,689	8,013	6,061	14,816	13,080
Basic and diluted earnings per share from continuing operations	<b>0.66</b>	0.60	<b>0.81</b>	0.67	0.46	0.35	0.72	0.64
Basic and diluted earnings per share	<b>0.40</b>	0.63	<b>0.78</b>	0.64	0.41	0.31	0.75	0.66
Dividends per share	<b>0.117</b>	0.108	<b>0.117</b>	0.108	0.108	0.108	0.108	0.108

Sales



Earnings per shares from continuing operations



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

(in thousands of dollars except for percentages)

	Third quarter			Year-to-date		
	2009	2008	%	2009	2008	%
Sales	<b>359,236</b>	308,162	16.6%	<b>1,094,241</b>	894,531	22.3%
EBITDA	<b>27,009</b>	23,195	16.4%	<b>79,336</b>	63,857	24.2%
EBITDA margin	<b>7.5%</b>	7.5%		<b>7.3%</b>	7.1%	
EBITDA margin excluding recent acquisitions	<b>8.3%</b>	7.9%		<b>7.9%</b>	7.3%	

**THIRD QUARTER:**
**Sales**

The 16.6% increase in sales in the third quarter is explained as follows:

- Sales generated by acquisitions completed in the previous quarters account for an increase of 10.5%;
- Consolidated organic growth that reached 4.2%;
- The effects of the exchange rate variation between the Canadian and U.S. currencies, which had a positive impact of 3.1% on sales in the quarter;

Partially offset by:

- The closing of stores that are unprofitable and/or that are in regions with little growth potential.

**Operating income**

The EBITDA margin of the third quarter held steady at the same level of the corresponding period in 2008 at 7.5% of sales. Excluding the impact of U.S. acquisitions in 2008, the integration of which are not complete, the margin stood at 8.3%; the contribution of these acquisitions will only be felt fully in the next quarters. The 0.4% increase in the EBITDA margin is due mainly to the following factors:

- A higher gross margin following improved buying conditions both in the United States and in Canada;
- A reduction in expenses resulting from the following initiatives:
  - The implementation of various plans for expense reduction and productivity improvement instituted in the previous quarters and the realization of synergies resulting from Canadian and U.S. acquisitions;
  - Lower delivery costs in the United States following the reorganizing of delivery routes, combined with the decrease in fuel prices;
- The closing of stores that are unprofitable, mainly in the United States in regions with little growth potential;
- The disposal of stores in Canada that generated an EBITDA margin below that of the group as a whole in the same period of the previous year;

Partially offset by:

- Pressure on gross margins and product mix in the United States resulting from increased competition in certain markets and from the U.S. economic situation;
- A lack of price increases for products in the United States compared to the previous fiscal year, not offset by Canadian inflation on certain product lines.

**YEAR TO DATE:****Sales**

The increase of \$199,710 or 22.3% in sales for the nine-month period is explained by the same factors mentioned for the quarter. Sales generated by the acquisitions completed in previous quarters account for 15.2%, and the variation in currency exchange rates between the Canadian and U.S. currencies had a positive impact of 7.8%. Excluding these factors and one less billing day both in the United States and Canada, organic growth was 1.3%.

**Operating income**

The increase to 7.9% in the EBITDA margin excluding recent acquisitions is due essentially to the factors stated for the quarter. Pressure on margins, product mix and the lack of inflation in the United States having been more noticeable during the quarter, they had a lesser impact on the nine-month period.



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

(in thousands of dollars, except for percentages)

	Third quarter			Year-to-date		
	2009	2008	%	2009	2008	%
Sales	<b>220,131</b>	172,092	27.9%	<b>694,608</b>	490,192	41.7%
EBITDA	<b>14,518</b>	12,124	19.7%	<b>44,515</b>	33,338	33.5%
EBITDA margin	<b>6.6%</b>	7.0%		<b>6.4%</b>	6.8%	
EBITDA margin excluding recent acquisitions	<b>7.7%</b>	7.7%		<b>7.3%</b>	7.0%	

**THIRD QUARTER**
**Sales**

Sales for the Automotive Group USA improved by 27.9% compared to the corresponding quarter in the previous year. This increase is explained as follows:

- Sales growth generated by the acquisitions completed in the previous quarters represent a 21.5% increase;
- Organic growth in the quarter that reached 3.0%;
- The effects of the exchange rate variation between the Canadian and U.S. currencies had a positive impact of 5.6% on sales;

Partially offset by:

- The closing of stores that are unprofitable and/or that are in regions with little growth potential.

**Operating income**

Excluding the impact of the 2008 acquisitions, the integration of which is not complete, the EBITDA margin stood at 7.7%, identical to 2008. It should be noted that the contribution from acquisitions will only be felt fully in the next quarters. The results of the first quarters do not yet show the full benefit from the synergies linked to the integration of assets acquired from Parts Depot. The EBITDA margin of Automotive Group USA remained at the same level for the following reasons:

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

Partially offset by:

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

**YEAR TO DATE:****Sales**

Automotive Group USA experienced sales growth of \$204,416 or 41.7%, for the nine-month period compared with the corresponding period of the previous year. This increase is explained by the same factors mentioned for the quarter. The sales generated by the acquisitions completed in the previous quarters account for 29.5%, and the effects of the exchange variation between the Canadian and U.S. currencies had a positive impact of 7.8%. Excluding these factors and one less billing day, organic growth was 1.1%.

**Operating income**

Excluding the impact of the 2008 acquisitions, the integration of which is not complete, EBITDA margin stood at 7.3%, up 0.3% over the same period of the previous year. This rise is explained by the same trends as those observed in the quarter. Pressure on margins and the lack of inflation in the US having been more noticeable during the quarter, they had a lesser impact on the nine-month period

**7.2 Automotive Group Canada**

(in thousands of dollars, except for percentages)

	Third quarter			Year-to-date		
	2009	2008	%	2009	2008	%
Sales	<b>139,105</b>	136,070	2.2%	<b>399,633</b>	404,339	(1.2%)
EBITDA	<b>12,491</b>	11,071	12.8%	<b>34,821</b>	30,519	14.1%
EBITDA margin	<b>9.0%</b>	8.1%		<b>8.7%</b>	7.5%	

**THIRD QUARTER**
**Sales**

Organic growth of 5.8%, due to strong performance observed across all regions, was partially offset by the disposal of 11 stores during the previous quarters, resulting in net sales increase of 2.2%.

**Operating income**

The third-quarter EBITDA margin of Automotive Group Canada rose by 0.9%. This improvement in the EBITDA margin is explained by the following factors:

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

**YEAR TO DATE:**
**Sales**

For the nine-month period, Automotive Group Canada experienced organic sales growth of 1.6%. Considering the disposal of 11 stores and one less billing day during the period, sales declined by 1.2%.

**Operating income**

The EBITDA margin of Automotive Group Canada in the nine-month period rose by 1.2%. The same trends prevailed as in the current quarter.

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

(in thousands of dollars, except for percentages)

	Third quarter			Year-to-date		
	2009	2008	%	2009	2008	%
Interest	<b>1,929</b>	1,512	27.6%	<b>6,372</b>	4,801	32.7%
Amortization	<b>3,590</b>	2,515	42.7%	<b>10,711</b>	7,747	38.3%
Income taxes	<b>7,516</b>	6,283	19.6%	<b>21,205</b>	16,751	26.6%
Tax rate	<b>35.0%</b>	32.8%		<b>34.1%</b>	32.6%	

**8.1 Interest**

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

**8.2 Amortization**

The rise in amortization costs for the third quarter, as well as for the nine-month period, is due to the implementation of investment plans in 2008 and 2009 and to the acquisition of businesses in 2008.

**8.3 Income taxes**

The effective tax rate rose by 2.2% in the third quarter and by 1.5% for the nine-month period. This increase is explained by a geographic weighting different from that in 2008 and by non-recurring items in the third quarter of 2008, partially offset by a decrease in the Canadian federal tax rate and by the restructuring completed in the United States in 2008, with the latter having a favourable effect on the tax rate.

On November 1<sup>st</sup>, 2009, the Company completed a corporate reorganization which will result, among other things, in a decreased tax rate in the next quarters.

## 9. CASH FLOWS

The following table summarizes cash flows.

(in thousands of dollars)

	Third quarter		Year-to-date	
	2009	2008	2009	2008
Cash flows generated by operations before working capital items	<b>17,552</b>	20,444	<b>50,342</b>	46,342
Working capital items	<b>18,967</b>	(5,517)	<b>(9,501)</b>	(2,600)
Operating activities	<b>36,519</b>	14,927	<b>40,841</b>	43,742
Net investing activities	<b>10,104</b>	(91,735)	<b>(3,745)</b>	(127,357)
Financing activities	<b>(8,273)</b>	76,779	<b>(4,377)</b>	83,485
Effect of exchange rate changes on cash and cash equivalents	<b>(376)</b>	–	<b>(4,301)</b>	–
Changes in cash and cash equivalents	<b>37,974</b>	(29)	<b>28,418</b>	(130)

### 9.1 Cash flows from operating activities

Working capital items generated liquid assets of \$18,967 in 2009, whereas in 2008 these items had required \$5,517. This change results essentially from the entering into of agreements with suppliers to extend payment terms as well as from seasonal effects on sales. The variation for the nine-month period is connected to the payment of accounts payable from 2008, for which the Company had negotiated better terms of payment.

### 9.2 Cash flows from investing activities

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

- The purchase of various fixed assets totalling \$4,757 in 2009 (\$14,917 for the nine-month period); these purchases will provide, among other things, for the modernization of management systems and the renewal of the vehicle fleet. These amounts had been \$3,129 and \$9,295 respectively for the three and nine-month periods in 2008;
- The disposal of assets, including discontinued activities for the Heavy Duty Group, which generated \$13,974 (\$14,823 for the nine-month period).

The residual variance with cash flows from investing activities in 2008 results mainly from acquisitions of businesses, completed in 2008 for \$87,844 (\$117,469 for the nine-month period).

### 9.3 Cash flows from financing activities

The main third-quarter financing activities were the following:

- Repayment of \$6,264 in bank indebtedness (\$3,845 in fund use for the nine-month period);
- Dividend payments totalling \$2,297 (\$6,710 for the nine-month period) to common shareholders, or \$0.117 per share, up 8.3% over the previous dividend of \$0.108.

The variation in cash flows from financing activities in 2008 results mainly from new long-term debt contracted in 2008 to finance business acquisitions.

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

(in thousands of dollars)

	<b>Sept. 30 2009</b>	Dec. 31, 2008	Variance	Impact from business acquisitions/ disposal	Residual amount net of business acquisitions/ disposal	Explanation for remaining net variances
Working capital items excluding cash and cash equivalents and bank indebtedness	<b>411,730</b>	467,911	(56,181)	(18,301)	(37,880)	The decrease is mainly due to the exchange rate fluctuation partially offset by an increase in receivables due to seasonality.
Goodwill	<b>93,617</b>	99,501	(5,884)	(1,570)	(7,454)	Explained by the exchange rate fluctuation.
Long-term debt	<b>183,549</b>	209,907	(26,358)	-	(26,358)	Essentially explained by the exchange rate fluctuation and repayments.

## 11. CAPITAL RESOURCES

Cash flows generated by operations, together with credit facilities available to the Company, are sufficient to meet the needs of the Company with respect to acquisitions, purchase of fixed assets (approximately \$25,000 planned for 2009 mainly for the development of information systems and for its truck fleet in the U.S.) and shareholders remuneration by the payment of dividends.

As at September 30, the Company had \$176,000 unused credit facilities available for its development (\$125,000 as at December 31, 2008).

The credit facilities are composed of a revolving credit of \$235,000 coming to term in October 2011 together with an operating credit of \$90,000 which comes to term in October 2010.

Derivative financial instruments are utilized to reduce interest rate risk on the Company's debt. The Company does not enter into financial instruments for trading or speculative purposes. In 2008 and 2009, the Company entered into various interest rate swap agreements as part of the Company's program to manage the floating interest rate of the Company's total debt portfolio and related overall cost of borrowing. These agreements, for an amount of \$120,000, expire in three equal instalments of \$40,000 in 2011, 2012 and 2013 at an average rate of 3.68 %.

Moreover, during the course of the period, the Company entered into an agreement with certain suppliers by way of which payment terms were extended compared to those initially offered. As at September 30, Uni-Select had \$18,000 in payables for which the payment terms have been extended.

### 11.1 Indebtedness

(in thousands of dollars except for percentages)

	<b>Sept. 30, 2009</b>	Dec. 31, 2008	%
Shareholders' equity	<b>371,631</b>	372,701	(0.3%)
Total net indebtedness	<b>157,148</b>	208,276	(24.5%)
Total net debt to total invested capital ratio	<b>29.7 %</b>	35.8 %	

The improvement in the debt ratio is directly linked to various initiatives by the Company, most notably the disposal of assets of the Heavy Duty Group, a portion of which was collected and to an agreement with certain suppliers extending payment terms. The Company intends to use the cash collected as well as that to be collected from the sale of the assets of the Heavy Duty Group to effect the repurchase of the minority shareholders of its US subsidiary. The Company will benefit accordingly from a solid financial position in pursuing its current operations and expansion plans.

### 11.2 Capital stock

(in thousands of shares)

	Third quarter		Year-to-date	
	<b>2009</b>	2008	<b>2009</b>	2008
Number of shares issued and outstanding	<b>19,714</b>	19,728	<b>19,714</b>	19,728
Weighted average number of outstanding shares	<b>19,714</b>	19,728	<b>19,708</b>	19,732

As at November 11, 2009, the Company's capital stock consists of 19,714,128 issued and outstanding shares and options to purchase 76,158 shares.

## 12. RISK MANAGEMENT

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

## 13. CHANGES IN ACCOUNTING POLICIES

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### Goodwill and intangible assets

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

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

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

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

## 14. FUTURE ACCOUNTING STANDARDS

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### International Financial Reporting Standards

In February 2008, the Canadian Accounting Standard Board of the CICA announced that the use of International Financial Reporting Standards (« IFRS ») established by the International Accounting Standard Board will be required for fiscal years beginning January 1st, 2011 for publicly accountable profit-oriented enterprises. IFRS will replace the Canadian standards.

To ensure a successful conversion, the Company prepared a global changeover plan in 2008.

PHASE	DEADLINES	ACHIEVEMENT
Phase 1: Initial assessment – Prepare initial changeover plan – Mobilize organisation – Confirm management implication – Appoint project's team members – Establish method to analyse standards	End of 2008	Completed
Phase 2: Detailed assessment – Finalize changeover plan – Identify differences between IFRS and Canadian GAAP – Review choices on a high level basis (IFRS 1 exemptions) – Start training for team, upper management and board members	Second quarter of 2009	Completed



PHASE	DEADLINES	ACHIEVEMENT
Phase 3: Design <ul style="list-style-type: none"> <li>- Outline impacts on systems</li> <li>- Finalize choices (IFRS 1 and explicit choices)</li> <li>- Resolve differences between IFRS and Canadian GAAP</li> <li>- Establish accounting policies</li> <li>- Prepare IFRS model financial statements</li> </ul>	First quarter of 2010	Collaboration between IFRS team and IT team to make sure systems are set up in compliance with IFRS requirements.  Analysis of IFRS 1 exemptions and explicit choices is under way.
Phase 4: Implementation <ul style="list-style-type: none"> <li>- Reconcile opening balances (Q2 2010)</li> <li>- Prepare 2010 interim financial statements simultaneously with Canadian GAAP financial statements (comparable for 2011)</li> <li>- Continue training around organization</li> <li>- Assess impacts on infrastructure, business activities and control activities matters and make necessary adjustments</li> <li>- Publish IFRS financial statements (Q1 2011)</li> </ul>	End of 2010	Not yet started

The first two phases of the changeover plan are completed. The Company is currently analysing impacts of differences between Canadian standards and IFRS on accounting policies, financial statements and disclosure. Changes in accounting policies are probable and should impact the Company's consolidated financial statements.

The Company will monitor changes to IFRS and assess the impacts that these new standards will have on financial results and on IFRS changeover project. Future management reports will provide updates on the IFRS plan and on recommended changes, if any.

### **Business Combinations**

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

### **Consolidated financial statements**

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

### **Non-controlling interests**

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

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

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### Disclosure Controls and Procedures

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

### Internal Control over Financial Reporting

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

## 16. SUBSEQUENT EVENT

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On October 6, the Company acquired all of the non-controlling interest by payment of a cash consideration of \$44,840. Following this acquisition, the Company holds 100% of the shares of its subsidiary, Uni-Select USA Inc.

## 17. OUTLOOK

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Results for the quarter continue to benefit from the impact of business development programs and cost reduction initiatives instituted over the course of recent years. From the onset of the fiscal year, the Company has significantly reduced its net indebtedness through the disposal of redundant and non strategic assets such as the disposal of assets of the Heavy Duty Group, the reduction of inventory surplus and the renegotiation of payment terms with suppliers. During the course of the coming quarters, the results of our US operations will benefit from the increase in participation of our US subsidiary following the purchase of outstanding stock from its minority shareholders. Further, the exchange rate variation between the Canadian and US dollar will notably impact results of the coming quarters. Our most recent analysis shows that, all things being otherwise equal, a \$0.01 variation of the Canadian dollar against its US counterpart would have a 0.015\$ impact per share on the results of the Company. This impact is strictly accounting in nature and does not affect cash flows.

The Company also intends to continue its expansion projects both in Canada and the United States. Furthermore, the company will maintain its strict asset management which may result in the sale or closure of certain stores in Canada and the US in areas with less potential.



Richard G. Roy, CA  
President and Chief Executive Officer



Denis Mathieu, CA  
Vice President and Chief Financial Officer

Approved by the Audit Committee on November 10, 2009, and by the Board of Directors on November 11, 2009.

**Uni-Select Inc.**

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



**UNI-SELECT®**

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

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

**CONSOLIDATED EARNINGS**  
**THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2009 AND 2008**

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

	3 <sup>rd</sup> QUARTER		9 MONTHS	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>SALES</b>	<b>359,236</b>	308,162	<b>1,094,241</b>	894,531
<b>Earnings before the following items</b>	<b>27,009</b>	23,195	<b>79,336</b>	63,857
Interest (Note 3)	<b>1,929</b>	1,512	<b>6,372</b>	4,801
Amortization (Note 3)	<b>3,590</b>	2,515	<b>10,711</b>	7,747
	<b>5,519</b>	4,027	<b>17,083</b>	12,548
<b>Earnings before income taxes and non-controlling interest</b>	<b>21,490</b>	19,168	<b>62,253</b>	51,309
Income taxes				
Current	<b>3,501</b>	1,695	<b>17,005</b>	11,872
Future	<b>4,015</b>	4,588	<b>4,200</b>	4,879
	<b>7,516</b>	6,283	<b>21,205</b>	16,751
<b>Earnings before non-controlling interest</b>	<b>13,974</b>	12,885	<b>41,048</b>	34,558
Non-controlling interest	<b>956</b>	976	<b>3,007</b>	2,566
<b>Earnings from continuing operations</b>	<b>13,018</b>	11,909	<b>38,041</b>	31,992
Earnings (loss) related to discontinued operations (Note 7)	<b>(5,117)</b>	445	<b>(6,719)</b>	(888)
<b>Net earnings</b>	<b>7,901</b>	12,354	<b>31,322</b>	31,104
<b>Basic earnings and diluted earnings per share (Note 4)</b>				
From continuing operations	<b>0.66</b>	0.60	<b>1.93</b>	1.62
From discontinued operations	<b>(0.26)</b>	0.03	<b>(0.34)</b>	(0.04)
Net income	<b>0.40</b>	0.63	<b>1.59</b>	1.58
<b>Weighted average number of outstanding shares</b>	<b>19,714,128</b>	19,727,958	<b>19,707,862</b>	19,732,080
<b>Number of issued and outstanding shares</b>	<b>19,714,128</b>	19,727,958	<b>19,714,128</b>	19,727,958

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

**CONSOLIDATED RETAINED EARNINGS  
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2009 AND 2008**

(in thousands of dollars, unaudited)

	9 MONTHS	
	2009	2008
	\$	\$
<b>Balance, beginning of period</b>	<b>324,241</b>	287,712
Net earnings	<b>31,322</b>	31,104
	<b>355,563</b>	318,816
Redemption of common shares <sup>(a)</sup>	-	176
Dividends	<b>6,889</b>	6,364
<b>Balance, end of period</b>	<b>348,674</b>	312,276

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

**CONSOLIDATED COMPREHENSIVE INCOME  
THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2009 AND 2008**

(in thousands of dollars, unaudited)

	3 <sup>rd</sup> QUARTER		9 MONTHS	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Net earnings</b>	<b>7,901</b>	12,354	<b>31,322</b>	31,104
<b>Other comprehensive income:</b>				
Unrealized losses on derivative financial instruments designated as cash flow hedges, net of income taxes of \$520 and \$136 for the three-month and the nine-month periods respectively (\$218 and \$224 in 2008)	<b>(1,003)</b>	(468)	<b>(288)</b>	(481)
Reclassification of realized losses to net earnings on derivative financial instruments designated as cash flow hedges, net of income taxes of (\$292) and (\$804) for the three-month and the nine-month periods respectively ((\$53) and (\$120) in 2008)	<b>641</b>	113	<b>1,754</b>	257
Unrealized gains (losses) on translation of bank indebtedness incurred in 2008 and designated as a hedge of net investments in self-sustaining foreign subsidiaries	<b>1,492</b>	(994)	<b>2,523</b>	(994)
Unrealized gains (losses) on translating financial statements of self-sustaining foreign operations	<b>(17,629)</b>	6,407	<b>(29,790)</b>	11,200
Other comprehensive income	<b>(16,499)</b>	5,058	<b>(25,801)</b>	9,982
<b>Comprehensive income</b>	<b>(8,598)</b>	17,412	<b>5,521</b>	41,086

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

**CONSOLIDATED CASH FLOWS**  
**THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2009 AND 2008**

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

	3 <sup>rd</sup> QUARTER		9 MONTHS	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Net earnings	7,901	12,354	31,322	31,104
Non-cash items				
Amortization	3,627	2,587	10,882	7,962
Amortization of deferred gain on a sale-leaseback arrangement	(47)	(61)	(169)	(169)
Future income taxes	1,201	4,588	1,386	4,879
Non-monetary loss from discontinued activities	3,914	-	3,914	-
Non-controlling interest	956	976	3,007	2,566
	17,552	20,444	50,342	46,342
Changes in working capital items	18,967	(5,517)	(9,501)	(2,600)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>36,519</b>	<b>14,927</b>	<b>40,841</b>	<b>43,742</b>
<b>INVESTING ACTIVITIES</b>				
Business acquisitions (Note 5)	-	(87,844)	(668)	(117,469)
Disposal of assets (Note 6 and 7)	13,974	-	14,823	-
Non-controlling interest	-	-	(196)	-
Investments and advances to merchant members	(432)	(1,773)	(6,811)	(4,111)
Receipts on advances to merchant members	1,156	890	3,430	3,221
Fixed assets	(4,757)	(3,129)	(14,917)	(9,295)
Disposal of fixed assets	163	121	594	297
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>10,104</b>	<b>(91,735)</b>	<b>(3,745)</b>	<b>(127,357)</b>
<b>FINANCING ACTIVITIES</b>				
Bank indebtedness	(6,264)	7,348	3,845	6,091
Balance of purchase price	(6)	837	(691)	837
Financing costs	-	-	-	(414)
Long-term debt	1,101	71,349	1,101	84,977
Repayment of long-term debt	(79)	(615)	(1,578)	(1,587)
Merchant members' deposits in guarantee fund	(728)	(19)	(546)	142
Issuance (redemption) of shares	-	-	202	(197)
Dividends paid	(2,297)	(2,121)	(6,710)	(6,364)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(8,273)</b>	<b>76,779</b>	<b>(4,377)</b>	<b>83,485</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT</b>				
	(376)	-	(4,301)	-
<b>Increase (decrease) in cash and cash equivalents</b>	<b>37,974</b>	<b>(29)</b>	<b>28,418</b>	<b>(130)</b>
Cash and cash equivalents, beginning of period	126	498	9,682	599
<b>Cash and cash equivalents, end of period</b>	<b>38,100</b>	<b>469</b>	<b>38,100</b>	<b>469</b>
Dividends paid per share	0.117	0.108	0.342	0.323

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

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

(in thousands of dollars, unaudited)

	SEPTEMBER 30 2009	SEPTEMBER 30 2008	DECEMBER 31 2008
	\$	\$	Audited \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	38,100	469	9,682
Accounts receivable	175,428	187,540	180,308
Income taxes receivable	-	8,526	9,051
Inventory (Note 8)	407,388	429,756	482,340
Prepaid expenses	5,385	5,382	6,742
Future income taxes	8,796	6,122	10,172
Assets related to discontinued operations (Note 7)	20,015	-	-
	<u>655,112</u>	<u>637,795</u>	<u>698,295</u>
Investments and advances to merchant members	15,835	8,431	8,710
Fixed assets	54,750	49,372	54,939
Financing costs	518	759	785
Intangible assets	6,938	230	8,147
Goodwill	93,617	86,907	99,501
Future income taxes	3,826	2,781	3,707
	<u>830,596</u>	<u>786,275</u>	<u>874,084</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Bank indebtedness (Note 9)	-	43,823	-
Accounts payable	185,237	163,181	212,581
Income taxes payable	1,505	-	-
Dividends payable	2,297	2,122	2,118
Instalments on long-term debt and on merchant members' deposits in guarantee fund	128	36	327
Future income taxes	7,957	1,275	5,676
Liabilities related to discontinued operations (Note 7)	12,401	-	-
	<u>209,525</u>	<u>210,437</u>	<u>220,702</u>
Deferred gain on a sale-leaseback arrangement	2,142	2,339	2,641
Long-term debt	183,549	182,152	209,907
Merchant members' deposits in guarantee fund	7,328	7,783	7,724
Derivative financial instruments (Note 13)	6,487	328	8,620
Future income taxes	6,110	4,470	5,013
Non-controlling interest	43,824	39,669	46,776
	<u>458,965</u>	<u>447,178</u>	<u>501,383</u>
<b>SHAREHOLDERS' EQUITY</b>			
Capital stock	50,040	49,850	49,838
Contributed surplus	323	-	227
Retained earnings	348,674	312,276	324,241
Accumulated other comprehensive income (Note 10)	(27,406)	(23,029)	(1,605)
	<u>321,591</u>	<u>289,247</u>	<u>322,863</u>
	<u>371,631</u>	<u>339,097</u>	<u>372,701</u>
	<u>830,596</u>	<u>786,275</u>	<u>874,084</u>

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

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

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

**1. BASIS OF PRESENTATION**

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

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

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

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

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

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

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

<b>Other financial liabilities</b>	<b>3<sup>rd</sup> QUARTER</b>		<b>9 MONTHS</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest on bank indebtedness	183	394	655	1,718
Interest on long-term debt	1,783	1,183	5,889	3,260
Interest on merchant members' deposits in guarantee fund	27	85	137	268
	<b>1,993</b>	<b>1,662</b>	<b>6,681</b>	<b>5,246</b>
<b>Held-for-trading financial assets</b>				
Interest income on cash and cash equivalents	(1)	(11)	(6)	(32)
<b>Loans and receivables</b>				
Interest income from merchant members	(63)	(139)	(303)	(413)
	<b>(64)</b>	<b>(150)</b>	<b>(309)</b>	<b>(445)</b>
	<b>1,929</b>	<b>1,512</b>	<b>6,372</b>	<b>4,801</b>
<b>Amortization</b>				
Amortization of fixed assets	3,411	2,413	10,097	7,448
Amortization of other assets	179	102	614	299
	<b>3,590</b>	<b>2,515</b>	<b>10,711</b>	<b>7,747</b>

**4. EARNINGS PER SHARE**

Weighted average number of shares for the calculation of basic earnings per share is 19,714,128 for the three-month period ended September 30, 2009 (19,727,958 in 2008) and 19,707,862 for the nine-month period ended September 30, 2009 (19,732,080 in 2008). Impact of stock options exercised is 10,881 shares for the three-month period ended September 30, 2009 (18,644 in 2008) and 13,699 for the nine-month period ended September 30, 2009 (20,554 in 2008) which total a weighted average number of shares of 19,725,009 for the three-month period ended September 30, 2009 (19,746,602 in 2008) and 19,721,561 for the nine-month period ended September 30, 2009 (19,752,634 in 2008) for calculation of diluted earnings per share.

**5. BUSINESS ACQUISITIONS**

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

In addition, the Company increased its interest by 5.77% in its joint venture, Uni-Select Pacific Inc. Following this transaction, the Company's interest in the joint venture increased from 69.23% to 75%. This transaction was carried out at the carrying amount as stated in the shareholders' agreement.

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

The preliminary purchase price is allocated as follows:

	<b>Total</b>
	<b>\$</b>
Current assets	2,328
Fixed assets	185
Other long-term assets	29
Goodwill	1,645
Current liabilities	(3,008)
Long-term liabilities	(33)
	1,146
Cash of companies acquired	1
<b>Total consideration paid less cash acquired</b>	<b>668</b>
Balance of purchase price payable	477

Uni-Select USA Inc.

The Company acquired a non-controlling interest for a cash consideration of \$196. Following this transaction, the Company's interest in its U.S. subsidiary increased by 0.05%, from 86.94% to 86.99% (Note 16).



**6. DISPOSAL OF ASSETS**

In 2009, the Company sold in several transactions some of the assets of eleven stores in the Automotive Canada segment. The assets have been sold for an amount of \$5,321 for a cash consideration of \$1,714 from which \$653 is receivable and a non-cash consideration of \$3,607.

**7. DISCONTINUED OPERATIONS**

As announced on August 17, 2009, the Company has proceeded to the disposal of certain assets of its Palmar Inc. subsidiary, which constitutes all of the Heavy Duty Group segment.

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

The preliminary selling price is allocated as follows:

	<b>Total</b>
	\$
Current assets	27,102
Fixed assets	328
Current liabilities	(640)
	26,790
Total consideration received	13,762
Balance of selling price receivable	13,028

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

	<b>3<sup>rd</sup> QUARTER</b>		<b>9 MONTHS</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
			\$	\$
Sales	5,444	20,588	31,013	48,601
Earnings (loss) before the following items	-632	965	-2,831	-713
Interests	46	159	128	360
Amortization	37	72	171	216
	83	231	299	576
<b>Earnings (loss) before income taxes and non-recurring items</b>	<b>-715</b>	<b>734</b>	<b>-3,130</b>	<b>-1,289</b>
Income taxes	120	-289	933	401
<b>Earnings (loss) before non-recurring items</b>	<b>-595</b>	<b>445</b>	<b>-2,197</b>	<b>-888</b>
Non-recurring items	-4,522	-	-4,522	-
<b>Earnings (loss) related to discontinued operations</b>	<b>-5,117</b>	<b>445</b>	<b>-6,719</b>	<b>-888</b>

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

<b>Assets</b>	
Accounts receivable	3,664
Balance of selling price receivable	13,028
Future income taxes	2,829
Investments	274
Fixed assets	220
<b>Assets related to discontinued operations</b>	<b>20,015</b>
<b>Current liabilities</b>	
Bank indebtedness	4,243
Accounts payable	8,143
Future income taxes	15
<b>Liabilities related to discontinued operations</b>	<b>12,401</b>

**8. INVENTORY**

Cost of inventory recognized as an expense for the three-month period ended September 30, 2009 is \$255,246 (\$215,809 in 2008) and \$773,619 for the nine-month period ended September 30, 2009 (\$635,629 in 2008).

**9. CREDIT FACILITY**

The Company has a credit facility in the amount of \$325,000. This credit facility is composed of a \$235,000 revolving credit expiring in October 2011. The credit facility also includes a \$90,000 operating credit maturing in October 2010 which is also used for the issuance of letters of guarantee and is renewable annually in October. As at September 30, 2009, the issued letters of guarantee totalled \$7,580 (\$6,515 as at December 31, 2008). This facility can be drawn either in Canadian dollars or U.S. dollars.

The interest rates vary according to the type of loan and the financial ratios achieved by the Company and are set each quarter. As at September 30, 2009, interest rates vary between 1.45% and 5.75% (1.4% and 3.75% as at December 31, 2008).

**10. ACCUMULATED OTHER COMPREHENSIVE INCOME**

	SEPTEMBER 30, 2009	DECEMBER 31, 2008
	\$	\$
<b>Balance, beginning of period</b>	<b>(1,605)</b>	<b>(33,011)</b>
Other comprehensive income for the period	<b>(25,801)</b>	<b>31,406</b>
<b>Balance, end of period</b>	<b>(27,406)</b>	<b>(1,605)</b>

**11. EMPLOYEE FUTURE BENEFITS**

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

For the three-month period ended September 30, 2009, the total expense for the defined contribution pension plans was \$215 (\$193 in 2008) and \$619 (\$601 in 2008) for the defined benefit pension plans.

For the nine-month period ended September 30, 2009, the total expense for the defined contribution pension plans was \$949 (\$600 in 2008) and \$1,920 (\$1,802 in 2008) for the defined benefit pension plans.

**12. GUARANTEES**

As per inventory repurchase agreements, the Company has made a commitment to financial institutions to repurchase inventories from some of its customers at a rate of 60% to 75% of the value of inventories for a maximum amount of \$63,294 (\$65,525 as at December 31, 2008). In the event of proceedings, the inventories would be liquidated in the normal course of the Company's operations. These agreements are for an undetermined period of time. In management's opinion, the likelihood of major payments being made and losses being absorbed is low, since the value of the assets held in guarantee is significantly higher than the Company's commitments.

**13. FINANCIAL INSTRUMENTS**
**Derivative financial instruments**

The Company entered into agreements to swap variable interest rates (Note 9) for a nominal amount of US\$120,000 for fixed rates.

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

The fair value of the interest rate swaps is calculated using quotes for similar instruments on the balance sheet date as determined by the Company and represents an amount payable by the Company of \$6,487 (\$8,620 as at December 31, 2008).

**14. SEGMENTED INFORMATION**

	3 <sup>rd</sup> QUARTER					
	Automotive USA		Automotive Canada		Consolidated	
	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$
<b>Sales</b>	<b>220,131</b>	172,092	<b>139,105</b>	136,070	<b>359,236</b>	308,162
Earnings before interests, amortization, income taxes and non-controlling interest	<b>14,518</b>	12,124	<b>12,491</b>	11,071	<b>27,009</b>	23,195
Assets <sup>(1)</sup>	<b>542,470</b>	483,676	<b>268,111</b>	260,679	<b>810,581</b>	744,355
Acquisition of fixed assets <sup>(2)</sup>	<b>1,284</b>	6,184	<b>3,504</b>	1,037	<b>4,788</b>	7,221
Acquisition of goodwill	<b>14</b>	11,597	<b>99</b>	103	<b>113</b>	11,700

**14. SEGMENTED INFORMATION (continued)**

	9 MONTHS					
	Automotive USA		Automotive Canada		Consolidated	
	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$
<b>Sales</b>	<b>694,608</b>	490,192	<b>399,633</b>	404,339	<b>1,094,241</b>	894,531
Earnings before interest, amortization, income taxes and non-controlling interest	<b>44,515</b>	33,338	<b>34,821</b>	30,519	<b>79,336</b>	63,857
Assets <sup>(1)</sup>	<b>542,470</b>	483,676	<b>268,111</b>	260,679	<b>810,581</b>	744,355
Acquisition of fixed assets <sup>(2)</sup>	<b>4,969</b>	10,209	<b>10,089</b>	4,440	<b>15,058</b>	14,649
Acquisition of goodwill	<b>24</b>	11,889	<b>1,621</b>	7,751	<b>1,645</b>	19,640

<sup>(1)</sup> The assets in the consolidated balance sheet include an amount of \$20,015 (\$41,920 in 2008) related to discontinued operations.

<sup>(2)</sup> The fixed assets acquisitions in the consolidated cash flows include an amount related to discontinued operations of \$0 and \$44 (\$30 and \$112 in 2008) respectively for the three-month and nine-month periods ended September 30.

The Automotive USA segment includes fixed assets for an amount of \$23,682 (\$23,818 in 2008) and goodwill for an amount of \$52,461 (\$49,006 in 2008).

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

In February 2008, the Canadian Accounting Standard Board of the CICA announced that the use of International Financial Reporting Standards (« IFRS ») established by the International Accounting Standard Board will be required for fiscal years beginning January 1st, 2011 for publicly accountable profit-oriented enterprises. IFRS will replace the Canadian standards.

To ensure a successful conversion, the Company prepared a global changeover plan in four phases: initial assessment, detailed assessment, design and implementation. The first two phases of the changeover plan are completed. The Company is currently analysing impacts of differences between Canadian standards and IFRS on accounting policies, financial statements and disclosure. Changes in accounting policies are probable and should impact the Company's consolidated financial statements.

The Company will monitor changes to IFRS and assess the impacts that these new standards will have on financial results and on IFRS changeover project.

**Business combinations**

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

**Consolidated financial statements**

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

**Non-controlling interests**

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

**16. SUBSEQUENT EVENT**

On October 6, the Company acquired all of the non-controlling interest by payment of a cash consideration of \$44,840. Following this acquisition, the Company holds 100% of the shares of its subsidiary, Uni-Select USA Inc.