

UNI-SELECT INC. CONSOLIDATED INTERIM REPORT



THIRD QUARTER 2011

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SUMMARY

Uni-Select recorded sales of \$472 million for the third quarter of 2011, an increase of 41% compared to the same period of last year. This increase is primarily attributable to the FinishMaster acquisition, but also stems from organic growth of 4.1%. In addition, the Corporation reported EBITDA of \$30 million which represents a 27% increase compared to the same period of last year. Furthermore, net earnings reached \$17 million for the quarter, an increase of 27% compared to the same period of last year. As for total net indebtedness, it was reduced by \$9 million during the quarter.

INTRODUCTION

This Management Report on the operating results and cash flows of the Corporation for the period ended September 30, 2011 and on its financial position as at September 30, 2011 should be read in conjunction with the Corporation's 2010 Annual Report as well as the Consolidated Financial Statements and accompanying notes for the third quarter of 2011. The information contained in this Management Report takes into account all significant events that occurred prior to November 8, 2011, on which date the financial statements and Management Report were approved by the Board of Directors of the Corporation. It presents the status and business context of the Corporation as they were, to management's best knowledge, at the time this report was written.

Additional information on Uni-Select, including the audited financial statements as of December 31, 2010 and the Annual Information Form of the Corporation, is available on SEDAR's website at: www.sedar.com.

In this Management Report, "Uni-Select" or the "Corporation" 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 US dollars, and all comparisons are made with the comparable period of the prior year.**

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 to update or revise forward-looking statements as a result of new information, future events or other changes.

The interim financial report prepared in accordance with International Financial Reporting Standards for the period ended September 30, 2011 has not been reviewed by the auditors of the Corporation.

1. FINANCIAL HIGHLIGHTS

(in thousands of US dollars, except for per share amounts and percentages)						
	Third quarter ended			Nine-month period ended		
	Sept. 30 2011	Sept. 30 2010	%	Sept. 30 2011	Sept. 30 2010	%
Sales	472,491	335,317	40.9%	1,343,920	979,959	37.1%
Adjusted EBITDA	30,759	25,613	20.1%	87,202	65,323	33.5%
<i>Adjusted EBITDA margin</i>	6.5%	7.6%		6.5%	6.7%	
EBITDA	29,904	23,542	27.0%	83,907	60,938	37.7%
Adjusted earnings	17,186	14,485	18.6%	47,674	37,688	26.5%
Net earnings	16,633	13,152	26.5%	44,799	34,854	28.5%
COMMON SHARE DATA (in US dollars, except number of shares)						
Adjusted earnings	0.79	0.73		2.20	1.91	
Adjusted diluted earnings ⁽¹⁾	0.77	0.73		2.18	1.91	
Net basic earnings	0.77	0.67		2.07	1.77	
Net diluted earnings ⁽¹⁾	0.75	0.67		2.05	1.77	
Dividend (\$ Cdn)	0.12	0.12		0.36	0.35	
Number of shares issued at the end of the period (in thousands)	21,667	19,709		21,667	19,709	
Weighted average number of outstanding shares (in thousands)	21,678	19,720		21,643	19,720	
Weighted average number of diluted outstanding shares (in thousands)	22,925	19,728		22,863	19,729	
				Sept. 30 2011	Dec. 31 2010	
FINANCIAL POSITION						
Working capital				436,563	367,452	
Total assets				1,163,933	801,703	
Total net indebtedness				326,150	189,678	
Shareholders' equity				447,147	389,107	
Long-term debt / equity				60.2%	45.9%	
Total net debt / invested capital				38.4%	32.8%	
Funded debt on EBITDA				3.00	2.43	
Return on average shareholders' equity				13.0%	12.8%	
Book value per share				22.02	19.74	

(1) The dilutive effect stems from the convertible debentures that were issued in January following the FinishMaster acquisition. For further details on the dilutive effect of convertible debentures see note 8 in the Consolidated Financial Statements

Activities in the third quarter are in line with the Corporation's strategic plan and reflect the various ongoing projects and achievements to date.

Highlights	Impact – Third quarter	Impact – Year to Date
Acquisition of FinishMaster Inc. , the largest independent distributor of automotive paints, coatings and related accessories in the United States. The acquisition was completed January 11, 2011 (For more details, see note 7 in Consolidated Financial Statements).	<ul style="list-style-type: none"> - Sales of \$119 million - Net earnings of \$3.5 million 	<ul style="list-style-type: none"> - Sales of \$336 million - Net earnings of \$7.1 million - Acquisition related costs of \$3 million
In order to finance the FinishMaster Inc acquisition, a new financing structure was implemented. (For more details, see the section on financing sources as well as notes 11 and 12 in the Consolidated Financial Statements)		<ul style="list-style-type: none"> - New credit agreement: \$400 million - Issuance of convertible debentures, net of costs: \$49.8 million - Issuance of shares, net of costs: \$49.4 million
Acquisition and disposal of stores	<ul style="list-style-type: none"> - New stores opened: 1 in the United States - Stores Disposed: 5 in the United States, of which one is merged with a FinishMaster location 	<ul style="list-style-type: none"> - New stores opened: 1 in the United States - Stores Acquired: 1 in Canada and 2 in the United States - Stores Disposed: 2 in Canada and 5 in the United States, of which one is merged with a FinishMaster location
The Corporation initiated the reorganization of its logistics network in the Prairies and Pacific regions of Canada. In order to streamline its network, the Corporation closed a distribution center in each of these regions.	<ul style="list-style-type: none"> - Non-recurring costs: \$0.4 million 	<ul style="list-style-type: none"> - Non-recurring costs: \$1.2 million
Disposal of two buildings		<ul style="list-style-type: none"> - Net gain on disposal: \$1.7 million
Signing of national supply agreements	<ul style="list-style-type: none"> - Renewal of the following agreements: City of Philadelphia and New York City police department (NYPD) in the United States. 	<ul style="list-style-type: none"> - Signing of the following agreements: National Grid in the United States as well as Gaz Métro and Hydro-Québec in Canada - Renewal of the following agreements: City of Philadelphia and New York City police department (NYPD) in the United States as well as Canadian Tire Corporation, Ltd in Canada.
The development of the enterprise resource planning system is progressing according to plan.	<ul style="list-style-type: none"> - \$4.5 million in capital expenditures and \$0.4 million in non-recurring operating expenses were incurred 	<ul style="list-style-type: none"> - \$19.6 million in capital expenditures and \$2.1 million in non-recurring operating expenses were incurred

In addition, **the deployment of the operational module** has begun, as planned, April 4, 2011 with a pilot warehouse in Canada and one in the United States as well as its 9 corporate stores. The first implementation, by warehouse location, was initiated on November 1, 2011, which included 5 warehouses and 12 stores. The deployment will be pursued gradually to be completed during the first quarter of 2013.

International Financial Reporting Standards (IFRS) became effective January 1, 2011 and replace the previous Canadian standards. The financial information included in this document has been prepared in accordance with IFRS, and is presented as such unless otherwise noted. (For further information on the impacts, see section 9 of the management report as well as note 19 of the consolidated financial statements).

2. DESCRIPTION OF THE CORPORATION'S ACTIVITIES

A KEY INDUSTRY PLAYER

Uni-Select, founded in 1968, is a major distributor of replacement parts, equipment, tools and accessories for motor vehicles in North America. Uni-Select is a Canadian leader as well as the sixth-largest distributor in the United States. With its 6,100 employees, the Corporation operates two divisions; the independent merchants and major accounts division supplies automotive parts and accessories through its 64 distribution centres, while the Stores division offers installers and consumers the same products through its 420 stores. Uni-Select is one of the largest network of independent automotive parts wholesalers, installers and body workshops.

Uni-Select is a first-choice supplier not only of parts and equipment for domestic vehicles but also of parts for imported cars with Beck/Arnley™ products leading the way. In addition, with the acquisition of FinishMaster™ in January 2011, Uni-Select has become North America's largest distributor of paint and body shop accessories.

With this latest acquisition, approximately 70% of Uni-Select's annual sales originate in the United States and 30% in Canada.

AN ESSENTIAL LINK IN THE SUPPLY CHAIN

The Corporation plays an essential role by linking manufacturers of automotive parts and accessories with the wholesalers and installers that form its client base. With access to close to two million

automotive parts and accessories and with more than 350,000 different part numbers kept in inventory to meet its clients' needs, Uni-Select provides efficient management of the supply chain. Finally, the Corporation holds a significant market share in the area of automotive paints, coatings and related accessories.

SOLUTIONS ADAPTED TO CUSTOMERS' NEEDS

Uni-Select stands out from its competition with a business model characterized by a flexible focus and the availability of solutions adapted for independent wholesalers, installers and body shops. Wholesalers may source the national brand products they need from one of the following means of access: directly from suppliers, from Uni-Select warehouses or Uni-Select stores strategically located across North America, or through a combination of these alternatives.

Because it recognizes the importance of each of their businesses, Uni-Select treats its customers as partners to help ensure their success. The Corporation offers an "à la carte" menu that allows customers to choose only the programs and resources they suit their needs. This approach helps them meet their development and growth goals, through Uni-Select's offering of marketing, store identification or inventory and order-management programs. In addition, Uni-Select offers succession programs to assist its customers with their transition to retirement.

3. EXCHANGE RATE DATA

The Corporation began reporting its consolidated financial statements in U.S. dollars on January 1, 2011. This decision reflected a significant shift in the geographical composition of sales as a result of the acquisition of FinishMaster on January 11, 2011. More than 70% of Uni-Select's sales now originate in the United States. As a result, management was of the view that it is more

pertinent and economically representative to use the U.S. currency as the reporting currency. This decision will reduce the potential for volatility of results caused by changes caused by fluctuation in foreign exchange rates. The individual financial statements of the various subsidiaries of Uni-Select Inc. will continue to be produced in their respective local currencies.

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

	Third quarter ended		Nine-month period ended	
	Sept. 30, 2011	Sept. 30, 2010	Sept. 30, 2011	Sept. 30, 2010
Average for the period For statement of earnings purposes	1.02	0.96	1.02	0.97
			Sept 30, 2011	Dec. 31, 2010
Period End For statement of financial position			0.97	1.00

As the Corporation uses the US dollar since 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 which are discussed in this document are therefore related to the

translation to the US dollars of its 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.

4. ANALYSIS OF RESULTS

ANALYSIS OF CONSOLIDATED RESULTS

(in thousands of US dollars, except for percentages)

	Third quarter			Nine-month period		
	2011	2010	%	2011	2010	%
Sales						
United States	322,901	204,753	57.7%	929,110	600,990	54.6%
Canada	149,590	130,564	14.6%	414,810	378,969	9.5%
	472,491	335,317	40.9%	1,343,920	979,959	37.1%
EBITDA	29,904	23,542	27.0%	83,907	60,938	37.7%
EBITDA Margin	6.3%	7.0%		6.2%	6.2%	
Non-recurring items ⁽¹⁾	855	2,071		3,295	4,385	
Adjusted EBITDA	30,759	25,613	20.1%	87,202	65,323	33.5%
Adjusted EBITDA Margin	6.5%	7.6%		6.5%	6.7%	

(1) For further details, see the following table and the "Compliance with IFRS" section.

This table presents the various non-recurring items as well as the reconciliation of adjusted EBITDA and EBITDA.

Non-recurring Items

(in thousands of US dollars)	Third Quarter		Year to Date	
	2011	2010	2011	2010
Expenses related to enterprise resource planning system (ERP) ⁽¹⁾	443	1,536	2,075	3,850
Expenses related to network reorganization and disposal of stores ⁽²⁾	412	535	1,220	535
Total non-recurring items	855	2,071	3,295	4,385

(1) Notably includes costs related to data conversion and employee training.

(2) Primarily costs related to terminating leases, workforce and expenses required to relocate inventory, losses and write-off of fixed assets.

SALESThird Quarter :

The 40.9% increase in sales for the quarter compared to the same period of last year is primarily due to:

- The FinishMaster Inc. acquisition, which had a positive contribution of 33.2%;
- Organic growth of 4.1%; comprised of 2.4% growth in the United States and 8.2% in Canada;
- The effects of the variation of the Canadian dollar relative to the US dollar that had a favourable impact of 8.7 million dollars on sales;

Partially offset by the impact on sales related to the closing of unprofitable stores and/or in areas with lesser growth potential in the United States and the disposal of stores.

Year to Date :

The 37.1% increase in sales for the nine-month period compared to the same period of last year is primarily due to:

- The FinishMaster Inc. acquisition, which had a positive contribution of 32.1%;
- Organic growth of 2.3%; comprised of 1.5% growth in the United States and 4.1% in Canada;
- The effects of the variation of the Canadian dollar relative to the US dollar that had a favourable impact of 23.1 million dollars on sales;

In addition, the impact on sales related to the closing of unprofitable stores and/or in areas with lesser growth potential in the United States and the disposal of stores was compensated by one additional invoicing day in the United States.

ADJUSTED EBITDAThird Quarter :

The adjusted EBITDA margin is 6.5% of sales compared to 7.6% for the same period of last year.

This decrease is mainly attributable to an unfavourable change in the product mix, pressures on selling prices due to prevailing economic conditions and competition.

Combined with:

- 1) an increase in delivery costs and utilities due to an increase in energy prices;
- 2) higher information technology maintenance costs related to the new enterprise resource planning (ERP) system, such as the hosting of servers during the transition period between systems.

Also, the following have had a favourable impact on the EBITDA margin to mitigate the aforementioned factors:

- 1) the contribution from FinishMaster operations;
- 2) higher profit on inventory stemming from price increases in the United States.

Year to Date :

The adjusted EBITDA margin is 6.7% of sales, a slight decrease of 0.2% compared to the same period of last year.

This decrease is primarily due to the same factors as for the quarter with the exception of the contribution from FinishMaster operations, which had a greater impact than in the quarter.

ANALYSIS OF OTHER ITEMS AND AMOUNTS RELATED TO CONSOLIDATED RESULTS

(in thousands of US dollars, except for percentages)

	Third Quarter			Year to Date		
	2011	2010	%	2011	2010	%
Gain on disposal of assets	-	-		(1,728)	-	
Acquisition related costs	-	-		2,976	-	
Finance costs	4,009	1,939	106.8%	12,724	4,636	174.5%
Depreciation and amortization	6,248	3,100	101.5%	16,428	9,498	73.0%
Income taxes	3,171	5,374		9,186	12,096	
Effective tax rate	16.1%	29.0%		17.2%	25.8%	

GAIN ON DISPOSAL OF ASSETS

In the course of the first quarter, the Corporation disposed of two buildings. The net gain resulting from these transactions is presented separately in the statement of earnings.

ACQUISITION RELATED COSTS

Refer to expenses related to the acquisition of FinishMaster Inc. In accordance with IFRS, these expenses are now immediately recognized in the Statement of Earnings, whereas they were previously capitalized as goodwill.

(For further details, see notes 3 and 19 in the Consolidated Financial Statements).

FINANCE COSTS

Third Quarter :

The increase in finance costs is primarily due to the financing of the FinishMaster Inc. acquisition, as well as an increase in interest rates.

Year to Date :

The increase in finance costs for the nine-month period reflects the same factors as for the quarter.

(For further details on finance costs, see note 5 in the Consolidated Financial Statements)

DEPRECIATION AND AMORTIZATION

Third Quarter :

The increase in depreciation and amortization is mainly attributable to the assets of FinishMaster Inc.

Year to Date :

The increase in depreciation and amortization for the nine-month period reflects the same factors as for the quarter.

(For further details on depreciation and amortization, see note 6 in the Consolidated Financial Statements)

INCOME TAXES**Third Quarter :**

The reduction of the effective tax rate for the third quarter of 2011 compared to the same period of last year is mainly due to the financing structure implemented at the end of 2009 which was augmented this past January through an increase in funds borrowed to finance the FinishMaster acquisition.

Year to Date :

The decrease of the effective tax rate for the nine-month period of 2011 is explained by the financing structure implemented at the end of 2009 which was augmented this past January through an increase in funds borrowed to finance the FinishMaster acquisition, partly offset by acquisition costs with respect to the FinishMaster Inc. acquisition, some of which are not deductible for tax purposes.

(For further details on the tax rate, see note 9 in the Consolidated Financial Statements)

EARNINGS AND EARNINGS PER SHARE

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

(in thousands of US dollars, except for percentages)

	Third Quarter			Year to Date		
	2011	2010	%	2011	2010	%
Net Earnings attributable to shareholders, as reported	16,633	13,152	26.5%	44,799	34,854	28.5%
Gain on disposal of assets, net of taxes	-	-		(1,665)	-	
Acquisition related costs, net of taxes	-	-		2,374	-	
Non-recurring items, net of taxes	553	1,333		2,166	2,834	
Adjusted earnings	17,186	14,485	18.6%	47,674	37,688	26.5%
Earnings per share attributable to shareholders, as reported	0.77	0.67	15.0%	2.07	1.77	16.9%
Gain on disposal of assets, net of taxes	-	-		(0.08)	-	
Acquisition related costs, net of taxes	-	-		0.11	-	
Non-recurring items, net of taxes	0.02	0.06		0.10	0.14	
Adjusted Earnings per share	0.79	0.73	8.2%	2.20	1.91	15.1%
Dilutive effect of convertible debentures ⁽¹⁾ and options	(0.02)	(0.00)		(0.02)	(0.00)	
Adjusted diluted Earnings per share	0.77	0.73	5.5%	2.18	1.91	14.1%

(1) For further details on the dilutive effect of convertible debentures see note 8 in the Consolidated Financial Statements

5. SOURCES OF FINANCING AND FINANCIAL POSITION

CASH FLOWS

The Corporation manages its cash flows to match cash inflows with forecast disbursements. The following table shows the main cash flows resulting directly from the various projects and realizations of the quarter and the first nine months.

(in thousands of US dollars)	Third Quarter		Year to Date	
	2011	2010	2011	2010
Cash at beginning of the period	854	198	379	15,144
Net earnings adjusted for non-cash items	30,336	23,578	81,312	61,542
Trade and other receivables	337	15,226	(28,134)	(17,936)
Inventory	(18,438)	15,204	(16,314)	(5,495)
Prepaid expenses	916	(412)	2,624	(1,186)
Trade and other payables	16,724	(18,681)	12,528	8,660
Working capital items	(461)	11,337	(29,296)	(15,957)
Income taxes/interest paid	(5,369)	(4,524)	(21,275)	(14,602)
Cash flows from operations	24,506	30,391	30,741	30,983
Increase in long-term debt	17,232	-	373,744	25
Issuance of convertible debentures, net of issuance costs	-	-	49,741	-
Issuance of shares, net of costs	-	-	49,361	89
Net increase (decrease) in bank indebtedness	886	(8,790)	55	460
Proceeds of disposal of property and equipment	302	375	5,984	1,100
Business disposals	-	17	157	2,185
Total cash inflows	42,926	21,993	509,783	34,842
Business acquisitions	(237)	-	(223,002)	(4,008)
Repayment of long term debt	(29,242)	(11)	(243,216)	(73)
Development of intangible assets	(6,038)	(13,668)	(21,157)	(28,623)
Purchase of various fixed assets	(3,363)	(492)	(7,936)	(6,232)
Advances to merchant members net of deposits	(1,467)	282	(6,449)	956
Payment of dividends	(2,604)	(2,221)	(7,680)	(6,681)
Total disbursements	(42,951)	(16,110)	(509,440)	(44,661)
Other	(585)	(325)	(478)	431
Cash at end of the period	244	5,756	244	5,756

WORKING CAPITAL ITEMS

The variances in working capital items between 2011 and 2010 are explained by the following:

Trade and other receivables: The variance is essentially due to the seasonality of sales.

Inventory: The increase in inventories is due to seasonality, the addition of new product lines and the increased products required to service foreign nameplate vehicles.

Trade and other payables: The increase in accounts payable in 2011 is primarily related to the increased use of the vendor financing program.

REIMBURSEMENT OF LONG-TERM DEBT

This past January, the Corporation renegotiated all of its credit agreements and settled its former debt from the proceeds of the new credit facility.

BUSINESS ACQUISITIONS

Primarily relates to the acquisition of FinishMaster Inc. announced on January 11, 2011. *(For more details, see note 7 in the Consolidated Financial Statements.)*

DEVELOPMENT OF INTANGIBLES ASSETS

Almost exclusively related to the development of the enterprise resource planning system.

PURCHASE OF VARIOUS FIXED ASSETS

These purchases mainly consist of equipment for the opening of a new warehouse as well as the renewal of the fleet of vehicles.

PAYMENT OF DIVIDENDS

Payment of dividends to shareholders of CAD\$0.12 per share for the quarter.

NEW LONG-TERM DEBT

The long-term debt stems from the new credit facility, the proceeds of which were used to reimburse the former credit facility and to finance the FinishMaster Inc. acquisition. *(For further information, see section 7 "Sources of financing" and note 11 in the Consolidated Financial Statements).*

ISSUANCE OF CONVERTIBLE DEBENTURES AND ISSUANCE OF SHARES

In order to complete the financing of the FinishMaster Inc. acquisition, the Corporation issued convertible debentures as well as shares. *(For further information, see notes 11 and 12 in the Consolidated Financial Statements).*

FINANCIAL POSITION

The main variances in the financial position statement items stem from the FinishMaster Inc. acquisition, the fluctuation of the exchange rates and the effect of seasonality.

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

(in thousands of US dollars)

	Sept 30, 2011	Dec. 31, 2010	Variance	Impact of business acquisitions or disposals	Exchange rate impact	Net Variance	Explanations for net variances
Working capital excluding cash, bank indebtedness and instalments on long-term debt and on merchant members' deposits in the guarantee fund	461,187	378,797	82,390	54,109	(1,505)	29,786	The increase is due to the seasonality effect and the addition of new product lines, partly offset by the increased use of the vendor financing program.
Fixed Assets	42,176	34,389	7,787	9,818	(268)	(1,763)	Explained by the disposal of two buildings as well as the period's amortization
Intangible Assets	148,860	59,264	89,596	75,010	(897)	15,483	Mainly due to the development of the enterprise resource planning system.
Goodwill	181,860	94,725	86,955	88,236	(1,281)	-	-
Long-term debt	293,853	170,610	123,243	141,832	(919)	(17,670)	Funds generated from operations have enabled the repayment of a portion of the debt.
Convertible debentures	46,299	-	46,299	47,495	(1,785)	589	Primarily attributable to the amortization of financing costs accounted for as a reduction of the debt.
Share capital	88,962	39,099	49,863	49,980	-	(117)	Mostly explained by the repurchase of shares under the Normal course issuer bid.

SOURCES OF FINANCING

AVAILABLE CREDIT FACILITIES

On January 6, 2011, a new unsecured credit facility, with a 5 year term, replaced the Corporation's existing credit facilities. The new agreement consists of two components. The first component is a term loan of \$200,000 repayable through increasing quarterly instalments and bearing interest at the LIBOR rate in US\$ plus 2.3%; the second is a \$200,000 long-term revolving credit facility bearing interest at the LIBOR rate in US\$ plus 2.3%.

As at September 30, 2011, the Corporation had a remaining availability on its credit facilities of \$94,000 (\$175,000 as at December 31, 2010).

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 terms agreed to with suppliers.

As at September 30, 2011, under these agreements, Uni-Select deferred payment of account payables in the amount of US\$58,256 (US\$41,552 as at December 31, 2010). 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. As at September 30, 2011, the Corporation had an authorized limit of US\$75,000 for this program.

CONVERTIBLE DEBENTURES

To finance the FinishMaster acquisition, the Corporation issued convertible unsecured subordinated debentures bearing interest at a rate of 5.9% per annum. The convertible debentures are convertible at the holder's option into the Corporation's common shares at a conversion rate of \$41.76 per share. *(For further details, see note 11 of Consolidated Financial Statements)*

FINANCIAL INSTRUMENTS

The Corporation uses financial derivatives to reduce the interest-rate risks to which its debt is exposed. The Corporation does not use financial instruments for trading or speculative purposes. In 2008, the Corporation entered into various interest-rate swap agreements as part of its program to manage floating interest rates on its debt and its corresponding overall borrowing cost. These contracts, for a nominal amount of \$120,000, mature in a series of three consecutive instalments of \$40,000 due in 2011, 2012 and 2013, and bear an average interest rate of 3.68%. In the first quarter of 2011, \$20,000 came to maturity.

CAPITAL STRUCTURE

INDEBTEDNESS

The Corporation strives to achieve the following objectives:

(in thousands of US dollars, except for percentages)

	Objective	Sept. 30, 2011	Dec. 31, 2010
Long-term debt		315,275	178,602
Total net debt		326,150	189,678
Shareholders' equity		477,147	389,107
<i>Total net debt on total net debt plus equity</i>	<i>Less than 45%</i>	38.4%	32.8%
<i>Long-term debt on equity ratio</i>	<i>Less than 125%</i>	60.2%	45.9%
<i>Funded debt to EBITDA ratio</i>	<i>Maximum 3.5</i>	3.00	2.43

The variances in indebtedness ratios are directly attributable to:

Increased indebtedness arising from the financing of the purchase price of the FinishMaster Inc. acquisition partly offset by an increase in shareholders' equity following the issuance of convertible debentures and common shares in order to complete the financing.

SHAREHOLDERS' EQUITY

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

- A 15% return on average equity; and
- A dividend corresponding to approximately 20% of the previous year's net earnings.

Additional information on share capital

As at November 8, 2011, the Corporation had 21,664,186 shares outstanding and unexercised options for 67,650 shares. (Additional information on the stock option plan intended for officers and senior executives as at December 31, 2010, is presented in Note 21 to the Consolidated Financial Statements contained in the 2010 Annual Report.)

Normal course issuer bid

For the nine-month period ended September 30, 2011, the Corporation repurchased 24 800 common shares for cash consideration of \$658 including a premium of \$541 applied against retained earnings.

In 2010, the Corporation repurchased 14 700 common shares for cash consideration of \$366 including a premium of \$330 applied against retained earnings.

Dividends

The Corporation paid \$2,604 in dividends during the third quarter, or CAD\$0.12 per share (\$7,680 or CAD\$0.36 per share for the nine-month period), compared to \$2,221 or CAD\$0.12 per share for the corresponding quarter of 2010 (\$6,681 or CAD\$0.35 per share for the corresponding nine-month period). At August 2, 2011, the Corporation also declared a dividend of CAD\$0.12 per share that was paid on October 19, 2011 to shareholders of record as at September 30, 2011.

6. RELATED PARTY TRANSACTIONS

The Corporation incurred rental expenses of \$882 (\$845 in 2010) for the third quarter and \$2,646 (\$2,459 in 2010) for the nine-month period ended September 30, 2011 to the benefit of Clarit Realty Ltd, an entity controlled by a director of the Corporation. These lease agreements were concluded in the Corporation's normal course of business, are negotiated at the exchange amount, and have 3 to 5-year terms.

7. SUBSEQUENT EVENT

On October 26, 2011, the Corporation completed the acquisition of certain assets of Parts Depot Inc. located in the state of Florida. This acquisition adds 39 corporate stores and 5 warehouses for an estimated acquisition cost of \$33,000. This acquisition is expected to contribute to annual sales by \$87,000.

8. CONSOLIDATED QUARTERLY OPERATING RESULTS

Quarterly results are affected by seasonal factors. The Corporation records earnings in each quarter, but the second and third quarters have historically generated higher sales than the first and fourth quarters. For 2011, the first and second quarter, compared to previous quarters, deviate from the rule as they include the sales of FinishMaster, acquired on January 11, 2011.

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

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

	Third quarter		Second quarter		First quarter		Fourth quarter	
	2011	2010	2011	2010	2011	2010	2010	2009 ⁽¹⁾
Sales								
United States	322,901	204,753	324,774	210,348	281,435	185,889	180,847	179,390
Canada	149,590	130,564	149,871	138,836	115,349	109,569	124,570	119,276
	472,491	335,317	474,645	349,184	396,784	295,458	305,417	298,666
EBITDA	29,904	23,542	32,303	23,591	21,700	13,805	17,065	8,677
Adjusted EBITDA	30,759	25,613	33,304	24,750	23,139	14,960	18,182	13,705
Adjusted EBITDA margin	6.5%	7.6%	7.0%	7.1%	5.8%	5.1%	6.0%	4.6%
Adjusted earnings	17,186	14,485	19,141	15,266	11,347	7,937	12,566	8,107
Net earnings	16,633	13,152	18,504	14,519	9,662	7,183	11,044	6,865
Adjusted basic earnings per share	0.79	0.73	0.88	0.77	0.53	0.40	0.64	0.41
Adjusted diluted earnings per share	0.77	0.73	0.87	0.77	0.53	0.40	0.64	0.41
Basic earnings per share	0.77	0.67	0.85	0.74	0.45	0.36	0.56	0.35
Diluted earnings per share	0.75	0.67	0.84	0.74	0.45	0.36	0.56	0.35
Dividends paid per share	0.122	0.113	0.124	0.113	0.118	0.112	0.116	0.109
Dividends paid per share (\$CAD)	0.120	0.117	0.120	0.117	0.117	0.117	0.117	0.116
Average exchange rate for earnings	1.02	0.96	1.03	0.97	1.01	0.96	0.99	0.94

(1) The results of the quarters from 2009 were not restated under IFRS (The obligation to restate the financial statement bearing only to the preceding comparative year). However, because earnings' adjustments related to the IFRS conversion are negligible, these should not mislead the reader.

9. COMPLIANCE WITH IFRS

Unless otherwise indicated, the financial information presented hereinafter is prepared in compliance with International Financial Reporting Standards (IFRS). The information included in this report contains certain measures that are not performance measures consistent with IFRS. In addition, the following expressions do not have any standardized meaning in accordance with IFRS. As a result, they may not be comparable to similar measures presented by other corporations. The Corporation is of the view that users of its management report may analyze its results based on these measurements.

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, exchange-rate fluctuations and, when necessary, the variance in the number of billing days. Uni-Select uses this measure because it enables the Corporation to judge 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, which is based on findings that management regards as reasonable, may differ from the actual rate of organic growth.
EBITDA	This measure represents operating profit before gain on disposal of assets, acquisition related costs, depreciation and amortization, finance costs, income taxes and net earnings attributable to non-controlling interest. This measure is a widely accepted financial indicator of a corporation's ability to service and incur debt. It should not be considered by an investor as an alternative to sales or net earnings, as an indicator of operating performance or cash flows, or as a measure of liquidity, but as additional information. In the Corporation's statement of earnings, EBITDA corresponds to "Earnings before the followings items".
EBITDA margin	The EBITDA margin is a percentage corresponding to the ratio of EBITDA to sales.
Non-recurring Items	These are rarely incurred costs that Management regards as not being characteristic or representative of the Corporation's regular operations. They include, amongst others, the non-capitalizable costs related to the development and implementation of the enterprise resource planning system and costs related to closure of stores and network optimization. This document presents analysis of variations in EBITDA, earnings and earnings per share, excluding non-recurring items. Although these measures are not standardized in IFRS, management regards them as good indicators for comparing operational performance.
Adjusted EBITDA	This measure corresponds to EBITDA adjusted from the impact of non-recurring items. According to Management, adjusted EBITDA is more representative of the Corporation's operational performance and more appropriate in providing additional information to investors because it gives an indication of the Corporation's ability to repay its debts.
Total net indebtedness	This measure consists of bank indebtedness, long-term debt and clients' deposits in the guarantee fund (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 shareholders' equity.
Long-term debt to shareholders' equity	This ratio corresponds to the sum of long-term debt and clients' deposits in the guarantee fund (including short-term portions) divided by the sum of convertible debentures and shareholders' equity.
Funded debt to EBITDA	This ratio corresponds to total net debt to EBITDA.

10. CHANGES IN ACCOUNTING POLICIES

International Financial Reporting Standards (IFRS)

In February 2008, the Canadian Accounting Standards Board of the CICA announced that the use of IFRS established by the International Accounting Standards Board would be required for fiscal years beginning January 1, 2011, for publicly accountable profit-oriented businesses. IFRS replaced the Canadian Generally Accepted Accounting Standards.

The different positions and impacts were discussed in the annual management report as at December 31, 2010 which can be found on the SEDAR website at the following address: www.sedar.com. Subsequently, few modifications have been made. The financial statements of the previous year as well as the opening statement of financial position as at January 1, 2010 have been restated.

In note 19 of the consolidated financial statements, the Corporation presents the elections it made with respect to IFRS 1 "First-time Adoption of International Financial Reporting Standards", which contains certain optional exemptions. In this note, the Corporation also presents the reconciliation of Canadian GAAP to IFRS for the statements of financial position, equity and comprehensive income as at January 1, 2010, September 30, 2010, and December 31, 2010, as well as the statement of earnings for the period ended September 30, 2010, and December 31, 2010.

11. FUTURE ACCOUNTING POLICIES

Financial instruments

IFRS 9 "Financial Instruments: Recognition and Measurement" was issued in November 2009. It addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss.

IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity

instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

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

Consolidated Financial Statements

In May 2011, the International Accounting Standards Board (“IASB”) issued IFRS 10 “Consolidated Financial Statements”. IFRS 10 requires an entity to consolidate an investee when it is exposed, 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-Specific Purpose Entities”, and parts of IAS 27 “Consolidated and Separate Financial Statements”.

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

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 currently the case under IAS 31. The standard addresses inconsistencies in the reporting of joint arrangements by requiring the equity method to account for interests in jointly controlled entities. The Corporation currently uses the proportionate consolidation method to account for interests in joint ventures, but must apply 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 will be presented as one-line item on the statement of financial position, the statement of income and the statement of comprehensive income, respectively.

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 significant additional disclosure requirements that address the nature of, and risks associated with, an entity’s interests in other entities.

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

Fair Value Measurement

In May 2011, the IASB issued IFRS 13 “Fair Value Measurement”. IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new 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, at the measurement date. It also establishes disclosures about fair value measurement. 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.

Employee Benefits

In June 2011, the 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 presentation choices currently permitted under IAS 19 and requires additional disclosures concerning the risks stemming from defined benefit plans.

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

All aforementioned standards are required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted.

Financial Instruments - Disclosures

The International Accounting Standards Board "IASB" has issued an amendment to IFRS 7 "Financial Instruments: Disclosures", requiring incremental disclosures regarding transfers of financial assets. This amendment is effective for annual periods beginning on or after July 1, 2011. The Corporation has not yet assessed the impact of the standard.

Financial Statement Presentation

In June 2011, the IASB issued an amendment to IAS 1 "Presentation of Financial Statements". The amendment requires entities to group together items of other comprehensive income that might be reclassified to profit or loss in subsequent periods be grouped separately from items that will not be reclassified to profit or loss in subsequent periods. This amendment is effective for fiscal years beginning on or after July 1, 2012.

12. RISK MANAGEMENT

The Corporation endeavours to reduce its exposure to the risks and uncertainties it may encounter in its operational or financial situation. Accordingly, management continually reviews overall controls and preventive measures to ensure they are matched to risks to which the Corporation's operating activities are exposed. A report on the risk management program is reviewed at least annually by the Audit Committee of the Corporation.

This focus also guides management's decisions regarding its day-to-day operations, among which, cost-reduction measures and the addition or removal of products from the existing product offering. It also has a direct impact on decisions made regarding investments, acquisitions or disposals of assets as well as to financing related to the growth of the Corporation.

A complete description of the main risks affecting the Corporation is available in the management report section of the 2010 annual report. No significant changes occurred during the third quarter of 2011 with respect to the various risks.

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

Since 2008, 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.

This quarter's efforts focused on updating the documentation and evaluating the effectiveness of the Corporation's disclosure controls and procedures and internal controls over financial reporting.

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 September 30, 2011, the President and Chief Executive Officer and the Vice-President 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 September 30, 2011, in accordance with the NI 52-109 guidelines. This evaluation enabled the President and Chief Executive Officer and the Vice-President 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 Canadian GAAP. 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.

During the quarter ended September 30, 2011, no change to internal controls over financial reporting has occurred that has materially affected, or is reasonably likely to have materially affected, such controls.

14. OUTLOOK

During the next quarter, the Corporation will continue to focus on the following objectives:

- Maintaining efforts to increase the efficiency of existing operations through increased sales, improved productivity and improved controls over costs;
- Pursue the integration of FinishMaster and initiate the integration of activities related to assets acquired from Parts Depot; and
- Focus on the orderly deployment of the enterprise resource planning system.

Management is confident that it will continue to improve profitability. Increased profitability combined with sound management of assets and working capital will result in a reduction of the debt to the level that our investors and shareholders are accustomed to.



Richard G. Roy, CA
President and Chief Executive Officer



Denis Mathieu, CA
Vice-President and Chief Financial Officer

Approved by the Board of Directors on November 8, 2011.

Uni-Select Inc.

**Consolidated Interim Financial Statements
for the quarters ended
September 30, 2011 and 2010**



UNI-SELECT®

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Notice related to the review of the Consolidated Interim Financial Statements

The Interim Consolidated Financial Statements for the periods ended September 30, 2011 and 2010 have not been reviewed by the auditors of the Corporation.

Uni-Select Inc.
Consolidated Statement of Earnings

Three and nine-month periods ended September 30, 2011 and 2010

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

	Note	Three-month period		Nine-month period	
		2011	2010	2011	2010
		\$	\$	\$	\$
Sales		472,491	335,317	1,343,920	979,959
Earnings before the following items:		29,904	23,542	83,907	60,938
Net gain on disposal of property and equipment		-	-	(1,728)	-
Acquisition-related costs	7	-	-	2,976	-
Finance costs, net	5	4,009	1,939	12,724	4,636
Depreciation and amortization	6	6,248	3,100	16,428	9,498
Earnings before income taxes		19,647	18,503	53,507	46,804
Income taxes	9				
Current		(127)	3,227	1,932	16,183
Deferred		3,298	2,147	7,254	(4,087)
		3,171	5,374	9,186	12,096
Net earnings		16,476	13,129	44,321	34,708
Attributable to shareholders		16,633	13,152	44,799	34,854
Attributable to non-controlling interests		(157)	(23)	(478)	(146)
		16,476	13,129	44,321	34,708
Earnings per share	8				
Basic		0.77	0.67	2.07	1.77
Diluted		0.75	0.67	2.05	1.77
Weighted average number of shares outstanding (in thousands)	8				
Basic		21,678	19,720	21,643	19,720
Diluted		22,925	19,728	22,863	19,729
Shares outstanding (in thousands)		21,667	19,709	21,667	19,709

The Statement of Earnings by nature required by International Financial Reporting Standards ("IFRS") is presented in Note 19.

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

Uni-Select Inc.
Consolidated Statement of Comprehensive Income

Three and nine-month periods ended September 30, 2011 and 2010

(In thousands of US dollars, unaudited)

	Three-month period		Nine-month period	
	2011	2010	2011	2010
	\$	\$	\$	\$
Net earnings	16,476	13,129	44,321	34,708
Other comprehensive income				
Effective portion of changes in fair value of cash flow hedges (net of incomes taxes of \$37 and \$196 for the three and nine-month periods (\$286 and \$958 in 2010))	(87)	(773)	(529)	(2,933)
Net change in fair value of derivative financial instruments designated as cash flow hedges transferred to earnings (net of income taxes of \$254 and \$707 for the three and nine-month periods (\$259 and \$780 in 2010))	620	700	1,860	2,180
	533	(73)	1,331	(753)
Unrealized exchange gains on the translation of financial statements to the presentation currency	11,193	427	8,972	373
Unrealized exchange gains (losses) on the translation of long-term debt designated as a hedge of net investments in foreign operations	(16,192)	5,008	(10,139)	2,753
Other comprehensive income	(4,466)	5,362	164	2,373
Comprehensive income	12,010	18,491	44,485	37,081
Attributable to shareholders	12,167	18,514	44,963	37,227
Attributable to non-controlling interests	(157)	(23)	(478)	(146)
	12,010	18,491	44,485	37,081

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

Uni-Select Inc.

Consolidated Statement of Changes in Equity

Nine-month periods ended September 30, 2011 and 2010

(In thousands of US dollars, unaudited)

Note	Share capital	Cumulative translation account	Accumulated changes in the fair value of derivative financial instruments designated as cash flow hedges	Equity components of convertible debentures and contributed surplus	Retained earnings	Total	Non-controlling interests	Total equity
Balance at January 1, 2010	39,046	–	(3,515)	298	308,326	344,155	3,256	347,411
Net earnings (loss) for the period	–	–	–	–	34,854	34,854	(146)	34,708
Other comprehensive income for the period	–	3,126	(753)	–	–	2,373	–	2,373
Comprehensive income for the period	–	3,126	(753)	–	34,854	37,227	(146)	37,081
<i>Contributions by and distributions to shareholders</i>								
Share issuance	57	–	–	–	–	57	–	57
Share redemptions	–	–	–	–	(296)	(296)	–	(296)
Dividends	–	–	–	–	(6,681)	(6,681)	–	(6,681)
Foreign exchange translation adjustment on non-controlling interests	57	–	–	–	(6,977)	(6,920)	–	(6,920)
Stock-based compensation expense	–	–	–	56	–	56	(196)	(196)
Balance at September 30, 2010	39,103	3,126	(4,268)	354	336,203	374,518	2,914	377,432
Net earnings (loss) for the period	–	–	–	–	11,040	11,040	(120)	10,920
Other comprehensive income for the period	–	5,090	752	–	–	5,842	–	5,842
Comprehensive income for the period	–	5,090	752	–	11,040	16,882	(120)	16,762
<i>Contributions by and distributions to shareholders</i>								
Share redemptions	(4)	–	–	–	(34)	(38)	–	(38)
Dividends	–	–	–	–	(2,276)	(2,276)	–	(2,276)
<i>Changes in ownership interests in subsidiaries that do not result in a loss of control</i>	(4)	–	–	–	(2,310)	(2,314)	–	(2,314)
Repurchase of non-controlling interest	–	–	–	–	–	–	(488)	(488)
Foreign exchange translation adjustment on non-controlling interest	–	–	–	–	–	–	317	317
Stock-based compensation expense	–	–	–	21	–	21	–	21
Balance at December 31, 2010	39,099	8,216	(3,516)	375	344,933	389,107	2,623	391,730
Net earnings (loss) for the period	–	–	–	–	44,799	44,799	(478)	44,321
Other comprehensive income of the period	–	(1,167)	1,331	–	–	164	–	164
Comprehensive income for the period	–	(1,167)	1,331	–	44,799	44,963	(478)	44,485
<i>Contributions by and distributions to shareholders</i>								
Share issuance (net of share issuance costs of \$2,706)	12	49,980	–	–	–	49,980	–	49,980
Issuance of convertible debentures, net of tax effect	11	–	–	1,687	–	1,687	–	1,687
Share redemptions	–	(117)	–	–	(541)	(658)	–	(658)
Dividends	–	–	–	–	(7,991)	(7,991)	–	(7,991)
<i>Changes in ownership interests in subsidiaries that do not result in a loss of control</i>	–	–	–	1,687	(8,532)	43,018	–	43,018
Repurchase of non-controlling interests	–	–	–	–	–	–	(634)	(634)
Foreign exchange translation adjustment on non-controlling interests	–	–	–	–	–	–	(40)	(40)
Stock-based compensation expense	–	–	–	59	–	59	–	59
Balance at September 30, 2011	88,962	7,049	(2,185)	2,121	381,200	477,147	1,471	478,618

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

Uni-Select Inc.
Consolidated Statement of Cash Flows

Three and nine-month periods ended September 30, 2011 and 2010

(In thousands of US dollars, unaudited)

	Note	Three-month period		Nine-month period	
		2011	2010	2011	2010
		\$	\$	\$	\$
OPERATING ACTIVITIES					
Net earnings		16,476	13,129	44,321	34,708
Non-cash items					
Depreciation and amortization	6	6,248	3,100	16,428	9,498
Income tax expense		3,171	5,374	9,186	12,096
Finance costs, net	5	4,009	1,939	12,724	4,636
Net gain on disposal of property and equipment		–	–	(1,728)	–
Other non-cash items		432	36	381	604
		<u>30,336</u>	<u>23,578</u>	<u>81,312</u>	<u>61,542</u>
Changes in working capital items		(461)	11,336	(29,296)	(15,958)
Interest paid		(6,168)	(1,577)	(12,316)	(4,517)
Income taxes recovered (paid)		799	(2,947)	(8,959)	(10,085)
Cash flows from operating activities from continuing operations		<u>24,506</u>	<u>30,390</u>	<u>30,741</u>	<u>30,982</u>
Cash flows from operating activities from discontinued operations		–	15	–	(1,052)
Cash flows from operating activities		<u>24,506</u>	<u>30,405</u>	<u>30,741</u>	<u>29,930</u>
INVESTING ACTIVITIES					
Business acquisitions	7	(237)	–	(223,002)	(4,008)
Repurchase of non-controlling interests	7	(203)	–	(432)	–
Proceeds from business disposals		–	17	157	2,185
Balances of purchase prices		335	89	454	1,198
Investments and advances to merchant members		(1,644)	(775)	(8,251)	(1,801)
Receipts on advances to merchant members		177	1,057	1,802	2,757
Acquisitions of property and equipment		(3,363)	(492)	(7,936)	(6,232)
Disposal of property and equipment		302	375	5,984	1,100
Intangible assets	10	(6,038)	(13,668)	(21,157)	(28,623)
Cash flows from investing activities		<u>(10,671)</u>	<u>(13,397)</u>	<u>(252,381)</u>	<u>(33,424)</u>
FINANCING ACTIVITIES					
Net increase (decrease) in bank indebtedness		886	(8,790)	55	460
Increase in long-term debt	11	17,232	–	373,744	25
Repayment of long-term debt		(29,242)	(11)	(243,216)	(73)
Merchant members' deposits in the guarantee fund		(37)	142	178	379
Issuance of convertible debentures, net of issuance costs	11	–	–	49,741	–
Share issuances, net of issuance costs	12	–	–	49,361	89
Share redemptions		(658)	(236)	(658)	(236)
Dividends paid		(2,604)	(2,221)	(7,680)	(6,681)
Cash flows from financing activities		<u>(14,423)</u>	<u>(11,116)</u>	<u>221,525</u>	<u>(6,037)</u>
Effect of exchange rate changes on cash		(22)	(334)	(20)	143
Increase (Decrease) in cash		<u>(610)</u>	<u>5,558</u>	<u>(135)</u>	<u>(9,388)</u>
Cash, beginning of period		<u>854</u>	<u>198</u>	<u>379</u>	<u>15,144</u>
Cash, end of period		<u>244</u>	<u>5,756</u>	<u>244</u>	<u>5,756</u>

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

Uni-Select Inc.
Consolidated Statement of Financial Position

September 30, 2011, December 31, 2010 and January 1, 2010

(In thousands of US dollars, unaudited)

	Note	September 30, 2011	December 31, 2010	January 1, 2010
		\$	\$	\$
ASSETS				
Current assets				
Cash		244	379	15,144
Trade and other receivables		223,681	157,219	143,742
Income taxes receivable		10,429	7,020	3,687
Inventory		506,292	404,336	375,255
Prepaid expenses		10,980	7,492	6,052
Assets related to discontinued operations		–	–	2,863
Total current assets		751,626	576,446	546,743
Investments and advances to merchant members		20,712	16,854	16,082
Property and equipment		42,176	34,389	37,092
Intangible assets	10	148,860	59,264	27,401
Goodwill	10	181,680	94,725	89,777
Deferred tax assets		18,879	20,025	16,699
TOTAL ASSETS		1,163,933	801,703	733,794
LIABILITIES				
Current liabilities				
Bank indebtedness		11,119	11,455	42
Trade and other payables		287,679	194,976	181,687
Dividends payable		2,516	2,294	2,195
Instalments on long-term debt and on merchant members' deposits in the guarantee fund		13,749	269	385
Liabilities related to discontinued operations		–	–	1,532
Total current liabilities		315,063	208,994	185,841
Long-term debt	11	293,853	170,610	170,373
Convertible debentures	11	46,299	–	–
Merchant members' deposits in the guarantee fund		7,673	7,723	6,963
Derivative financial instruments		2,993	4,816	4,951
Deferred tax liabilities		19,434	17,830	18,255
TOTAL LIABILITIES		685,315	409,973	386,383
EQUITY				
Share capital	12	88,962	39,099	39,046
Contributed surplus		434	375	298
Equity component of convertible debentures	11	1,687	–	–
Retained earnings		381,200	344,933	308,326
Accumulated other comprehensive income		4,864	4,700	(3,515)
TOTAL SHAREHOLDERS' EQUITY		477,147	389,107	344,155
Non-controlling interests		1,471	2,623	3,256
TOTAL EQUITY		478,618	391,730	347,411
TOTAL LIABILITIES AND EQUITY		1,163,933	801,703	733,794

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

Uni-Select Inc.

Notes to the Consolidated Financial Statements

September 30, 2011 and 2010 and December 31, 2010

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

1 - GOVERNING STATUTE AND NATURE OF OPERATIONS

Uni-Select Inc. (the "Corporation") is a Corporation domiciled in Canada and incorporated under Part IA of the Companies Act (Québec). The Corporation is the parent company of a group of entities which includes the Corporation and its subsidiaries (collectively, the "Group"). The Corporation is a wholesale distributor and trader of automotive replacement parts and automotive paints, coating and accessories. The Corporation's registered office is located at 170 Industriel Blvd., Boucherville, Québec, Canada.

The Consolidated Financial Statements of the Corporation present the operations and financial position of the Group as well as the Corporation's interest in jointly controlled entities.

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

2 - BASIS OF PRESENTATION

(a) Statement of compliance

The condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") for part of the period covered by the first IFRS annual financial statements and for which IFRS 1 "First-time Adoption of International Financial Reporting Standards" has been applied. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements

These condensed Consolidated Financial Statements have been prepared in accordance with the accounting policies the Corporation expects to adopt in its December 31, 2011 financial statements and they should be read in conjunction with the Corporation's 2010 audited financial statements that were prepared in accordance with Canadian Generally Accepted Accounting Principles of Canada ("Canadian GAAP").

An explanation of the impact of the transition to IFRS on the reported financial position, financial performance and cash flows of the Corporation is provided in Note 19. This note includes reconciliations of equity and comprehensive income for the comparative periods and of equity at the date of transition reported under Canadian GAAP (previous GAAP) to those reported for those periods and at the date of transition under IFRS.

These condensed Consolidated Interim Financial Statements were authorized for issue by the Board of Directors on November 8, 2011.

(b) Basis of measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for the derivative financial instruments which are measured at fair value, provisions which are measured based on best estimates of the expenditures to settle the obligation and the defined benefit asset which is recognized as the net total of the plan assets plus unrecognized past service cost less the present value of the defined benefit obligation.

(c) 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 Consolidated Financial Statements are presented in US dollars, which is the Corporation's presentation currency. The Corporation's presentation currency differs from the parent company's functional currency as management considers that, following the acquisition completed in early 2011, it is more representative to use the US dollar since approximately 70 % of the sales will now originate from the United States.

(d) Use of accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires management to apply judgement and to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to the financial statements.

Judgement is commonly used in determining whether a balance or transaction should be recognized in the Consolidated 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 Corporation has applied judgement in identifying the indicators of impairment for property and equipment and intangible assets with finite useful lives.

Uni-Select Inc.

Notes to the Consolidated Financial Statements

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2 - BASIS OF PRESENTATION (CONTINUED)

Estimates were used when estimating the useful life of the enterprise resource planning software for the purpose of depreciation and amortization, when determining the discount rate to be used for the purpose of calculating the retirement benefit obligation, when determining discounted cash flows, growth factors and performance indicator multiples when measuring the fair value of certain elements in a business combination or when testing goodwill, intangible assets with indefinite useful lives and other assets for impairment. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3 - ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Consolidated Financial Statements and in preparing the opening IFRS balance sheet at January 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

Basis of consolidation

(i) Business combinations

Acquisitions on or after January 1, 2010

For acquisitions on or after January 1, 2010, the Corporation measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the net result is negative, a bargain purchase gain is recognized immediately in profit or loss.

The Corporation elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Corporation incurs in connection with a business combination are expensed as incurred.

Contingent consideration is measured at fair value on the acquisition date, with subsequent changes in the fair value recorded through the statement of earnings.

Acquisitions prior to January 1, 2010

As part of its transition to IFRS, the Corporation elected to restate only those business combinations that occurred on or after January 1, 2010 (Note 19). For acquisitions prior to January 1, 2010, goodwill is included in the statement of financial position on the basis of its deemed cost, which represents which represents the amounts recognized under previous Canadian GAAP.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Corporation. Control exists where the Corporation has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Consolidated Financial Statements include the accounts of the Corporation and its subsidiaries from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been modified when necessary to align them with the policies adopted by the Corporation.

(iii) Joint ventures

Joint ventures are those entities over whose activities the Corporation has joint control, established by contractual agreement. The consolidated financial statements include the pro rata share of the assets, liabilities, revenues and expenses of the joint ventures in which the Corporation holds an interest, from the date that joint control commences until the date that joint control ceases. This share is accounted for according to the proportionate consolidation method.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized revenue and expenses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements.

Uni-Select Inc.

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3 - ACCOUNTING POLICIES (CONTINUED)

Sales recognition

The Corporation recognizes sales upon shipment of goods at the fair value of the consideration received or receivable, net of right of return provisions and guarantees and other trade and volume discounts, when the significant risks and rewards of ownership have been transferred to the buyer, there is no continuing management involvement with the goods, recovery of the consideration is probable and the amount of revenue can be measured reliably.

The Corporation offers its customers a right of return on the sale of goods and certain guarantees. At the time of sales recognition, the Corporation records provisions for the right of return and guarantees which are based on the Corporation's historical experience and management's assumptions.

Discontinued operations

A discontinued operation is a component of the Corporation's business that represents a separate major line of business or geographical area of operations that has been disposed of. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of earnings is restated as if the operation had been discontinued from the beginning of the comparative period

Inventory

Inventory consists only of finished goods and is valued at the lower of costs and net realizable value. Cost is determined by the first in, first out method and includes expenditures incurred in acquiring the inventory, net of trade discounts, rebates and other similar items received or receivable from vendors. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated selling costs.

Property and equipment

Property and equipment is measured at its cost less accumulated amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost less residual value of property and equipment is amortized over the estimated useful lives in accordance with the following methods, annual rates and periods:

	<u>Methods</u>	<u>Rates and periods</u>
Paving	Diminishing balance	8%
Buildings	Straight-line and diminishing balance	2.5% to 5%
Furniture and equipment	Straight-line and diminishing balance	10% to 20%
System software and automotive equipment	Diminishing balance	30%
Computer equipment	Straight-line	20%
Leasehold improvements	Straight-line	Lease term

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Intangible assets

The Corporation records as internally-generated intangible asset the costs directly allocated to the acquisition and development of an enterprise resource planning software which meets the capitalization criteria under IFRS and the corresponding borrowing costs.

Trademarks, which were all acquired as a result of business acquisitions, are determined as having indefinite useful lives based on the prospects for long-term profitability and the overall positioning of the trademarks on the market in terms of notoriety and volume. They are measured at cost less accumulated impairment losses. They are not amortized but tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable.

Uni-Select Inc.
Notes to the Consolidated Financial Statements

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3 - ACCOUNTING POLICIES (CONTINUED)

Other intangible assets, which were all acquired as a result of business acquisitions, are measured at cost less accumulated amortization and accumulated impairment losses and amortized over their estimated useful lives according to the following methods, annual rates and periods:

	<u>Methods</u>	<u>Rates and periods</u>
Customer relationships	Straight-line	4 to 20 years
Covenants not to compete	Straight-line	4 years
Software	Straight-line and diminishing balance	14% to 30%
Enterprise resource planning software	Straight-line	10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date.

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. See business combination for information on how goodwill is initially determined. Goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortized. It is tested for impairment annually or more frequently if events or changes in circumstances indicate that it is impaired.

Impairment of goodwill and other long term assets

Property and equipment and intangible assets with finite lives are reviewed at each reporting date to determine whether events or changes in circumstances indicate that the carrying amount of the asset or related cash-generating unit ("CGU") may not be recoverable. If any such indication exists, then the asset's or CGU's recoverable amount is estimated. Goodwill and intangible assets with indefinite lives are tested for impairment annually or more frequently if events or circumstances indicate that they are impaired.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Corporation's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. The data used for impairment testing procedures are directly linked to the Corporation's latest approved budget and strategic plan. Discount factors are determined individually for each CGU and reflect their respective risk profiles as assessed by management.

Impairment losses are recognized in earnings. Impairment losses recognized with respect to a CGU are allocated first to reduce the carrying amount of any goodwill, and then to reduce the carrying amounts of the other assets of a CGU on a pro rata basis.

An impairment loss with respect to goodwill is not reversed. For other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss with respect to other assets is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss with respect to other assets is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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3 - ACCOUNTING POLICIES (CONTINUED)

Leased assets

Leases for which the Corporation assumes substantially all the risks and rewards of ownership are classified as finance leases. Other leases are operating leases and the leased assets are not recognized in the Corporation's statement of financial position.

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

The gain on a leaseback arrangement classified as an operating lease is recognized immediately to earnings if the sale price is at or below fair value.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in earnings except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable with respect to previous years.

Deferred tax of assets and liabilities for financial reporting purposes are determined according to differences between the carrying amounts and tax bases of assets and liabilities. They are measured by applying enacted or substantively enacted tax rates and laws at the date of the financial statements for the years in which the temporary differences are expected to reverse.

However, deferred tax are not recognized on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not recognized if reversal of these temporary differences can be controlled by the Corporation and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities that intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date. They are reduced to the extent that it is no longer probable that the related tax benefit will be realized and previously unrecognized deferred tax assets are recognized to the extent that they have become probable to be recovered.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Foreign currency

(i) Foreign currency transactions

The financial statements of each of the Corporation's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates. Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions as well as from the translation of monetary assets and liabilities not denominated in the functional currency of the subsidiary, are recognized in the statement of earnings, except for the long-term debt designated as a hedging instrument of net investments in foreign operations which are included in other comprehensive income and are transferred to earnings only when a reduction in the net investment in these foreign subsidiaries is realized. (A foreign operation is an entity that is a subsidiary, associate or joint venture of the reporting entity (the Corporation) of which the activities are based or conducted in a functional currency other than the one of the reporting entity (Canadian dollar)).

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3 - ACCOUNTING POLICIES (CONTINUED)

(ii) Hedge of net investment in foreign operation

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the cumulative amount of foreign currency translation differences.

The Corporation applies hedge accounting to foreign currency translation differences arising between the functional currency of the foreign operation and the parent entity's functional currency (Canadian dollars). Foreign currency differences arising on the translation of the long term debt designated as a hedge of a net investment in a foreign operation are recognized in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the cumulative translation account balance. To the extent that the hedge is ineffective, such differences are recognized in profit or loss. When the hedged portion of a net investment is reduced, the relevant amount in the cumulative translation account is transferred to profit or loss as part of the profit or loss on disposal.

Employee future benefits

The Corporation accrues its obligations under employee pension plans and the related costs, net of plan assets. 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 several state and province plans that are defined contribution plans. Contributions to the plans are recognized as an expense in the period that relevant 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 cost of pension benefits earned by employees is actuarially determined using the projected unit credit method. The calculations reflect management's best estimate of expected plan investment performance, salary increases and the retirement ages of employees;
- For the purpose of calculating the expected return on plan assets, those assets are valued at fair value;
- When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.
- Actuarial gains (losses) arise from the difference between the actual long-term rate of return on plans 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 (losses) are recognized immediately in other comprehensive income.

The pension expense recorded in earnings for the defined contribution plans represents contributions to be made by the Corporation in exchange for services rendered by employees.

Employee future benefits expense is recorded under "Employee benefits" in the financial statements.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or long-term incentive plans if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Provisions

A provision is recognized if, as a result of past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Due to the immaterial amounts involved, provisions are presented in "Trade and other payables" in the financial statements.

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3 - ACCOUNTING POLICIES (CONTINUED)

(i) Self-insurance

In the United States, the Corporation is self-insured for certain losses related to car insurance, general liability, workers' compensation and health care costs. The estimated cost for claims incurred as of the reporting date is recognized as a liability and a corresponding expense is recognized in net earnings. This cost is estimated based upon analysis of the Corporation's historical data and independent actuarial estimates, themselves based on management's best estimates, particularly concerning increases in insured care costs and regarding claims exceeding the maximal amount permitted by the plan.

(ii) Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Financial instruments

(i) Non derivative financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expires, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

Financial assets and liabilities are initially measured at fair value value plus transaction costs and their subsequent measurement depends on their classification, as described below. The classification depends on the objectives set forth when the financial instruments were purchased or issued, their characteristics and their designation by the Corporation.

The Corporation has made the following classifications:

- Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Cash, trade and other receivables and investments and advances to merchant members are classified as loans and receivables. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.
- Bank indebtedness, trade and other payables, dividends payable, long-term debt, convertible debentures and merchant members' deposits in the guarantee fund are classified as liabilities measured at amortized cost. Subsequent valuations are recorded at amortized cost using the effective interest rate method.

(ii) Impairment of financial assets (including receivables)

A financial asset is impaired if objective evidence indicates that a triggering event has occurred after the initial recognition of the asset having a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Corporation on terms that the Corporation would not consider otherwise, indications that a debtor or issuer may request bankruptcy protection or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

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3 - ACCOUNTING POLICIES (CONTINUED)

An impairment loss with respect to a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance accounts are recognized in profit or loss. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through earnings.

(iii) Compound financial instruments

Compound financial instruments issued by the Corporation comprise convertible debentures that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest, dividends, losses and gains relating to the financial liability are recognized in profit or loss. Distributions to the equity holders are recognized in equity, net of any tax benefit.

(iv) Derivative financial instruments, including hedge accounting

A specific accounting treatment is required for derivatives designated as hedging instruments in cash flow hedge relationships. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness. All other derivative financial instruments are accounted for at fair value through profit or loss.

On initial designation of the hedge, the Corporation formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Corporation makes assessments, both at the inception of the hedge relationship and on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the cash flows of the respective hedged items during the period for which the hedge is designated and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present exposure to variations in cash flows that could ultimately affect reported net earnings.

Derivative financial instruments are utilized to reduce interest rate risk on the Corporation's debt. The Corporation does not use financial instruments for trading or speculative purposes. Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

The Corporation's policy is to formally designate each derivative financial instrument as a hedging item of a cash flow hedge of a highly probable forecast interest expense. The effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the accumulated changes in the fair value of derivative financial instruments designated as cash flow hedges in equity. The amount recognized in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss. The Corporation considers that its derivative financial instruments are effective as hedges, both at inception and over the term of the instrument, as for the entire term to maturity, the notional principal amount and the interest rate basis in the instruments all match the terms of the debt instrument being hedged.

Uni-Select Inc.

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3 - ACCOUNTING POLICIES (CONTINUED)

Interest rate swap agreements are used as part of the Corporation's program to manage the floating interest rate of the Corporation's total debt portfolio and related overall borrowing cost. The interest rate swap agreements involve the periodic exchange of interest payments without the exchange of the notional principal amount upon which the payments are based, and are recorded as an adjustment of hedged interest expense on debt. The related amount payable to or receivable from counterparties is included as an adjustment to accrued interest.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income and presented in accumulated changes in the fair value of derivative financial instrument designated as cash flow hedges remains in equity until the forecast interest expense affects profit or loss. If the forecast interest expense is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in profit or loss. In other cases, the amount recognized other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

(v) Finance income and finance costs

Finance income comprises interest income on cash and on advances from merchant members. Finance income is recognized as it accrues in earnings, using the effective interest method.

Finance costs comprise interest on bank indebtedness, long-term debt and on merchant members' deposits in the guarantee fund, nominal and accreted interest on convertible debentures, amortization of transaction costs incurred in conjunction with debt transactions, reclassification of realized losses to net earnings on derivative financial instruments, the unwinding of the discount on provisions as well as impairment losses on financial assets. Borrowing costs that are not directly attributable to the acquisition or development of qualifying assets are recognized in profit or loss using the effective interest method. Borrowing costs directly attributable to the development of the enterprise resource planning software (i.e. qualifying asset), for which the commencement date for capitalization was after January 1, 2010, are capitalized as part of the cost of that intangible asset until it is substantially ready for its intended use.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and stock options are recognized as a deduction from share capital, net of any tax effects.

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from share capital and retained earnings. Repurchased shares are classified as treasury shares and are presented as a deduction from share capital. When treasury shares are sold or reissued subsequently, the amount received is recognized received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in retained earnings.

Stock-based compensation

The Corporation measures stock options granted to employees based on the fair value at the grant date by using the Black & Scholes option pricing model and a compensation expense is recognized over the vesting period, which is five years, with a corresponding increase in contributed surplus. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service vesting condition are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that are expected to meet the related service condition at the vesting date. When the stock options are exercised, share capital is credited by the sum of the consideration paid and the related portion previously recorded in contributed surplus. None of the Corporation's plans feature a cash settlement option.

Earnings per share and information pertaining to number of shares

Earnings per share is calculated by dividing net earnings available for common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share are calculated taking into account the dilution that would occur if the securities or other agreements for the issuance of common shares were exercised or converted into common shares at the later of the beginning of the period or the issuance date. The Corporation has two categories of dilutive potential ordinary shares: convertible debentures and stock options. If, after applying the "if-converted" method, it is determined that the conversion has a dilutive effect, the convertible debentures are assumed to have been converted into ordinary shares and the net profit is adjusted to eliminate the interest less the tax effect. For the stock options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Corporation's shares) based on the monetary value of the subscription rights attached to outstanding stock options. The number of shares calculated is compared with the number of shares that would have been issued assuming the exercise of the stock options. The number of dilutive potential ordinary shares is determined independently for each period presented.

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4 - CHANGES IN ACCOUNTING POLICIES

FUTURE ACCOUNTING CHANGES

(i) Financial instruments

IFRS 9 was issued in November 2009. It addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss.

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

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

(ii) Consolidated financial statements

In May 2011, the International Accounting Standards Board ("IASB") issued IFRS 10 "Consolidated Financial Statements". IFRS 10 requires an entity to consolidate an investee when it is exposed, 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-Specific Purpose Entities", and parts of IAS 27 "Consolidated and Separate Financial Statements".

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

(iii) 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 currently the case under IAS 31. The standard addresses inconsistencies in the reporting of joint arrangements by requiring the equity method to account for interests in jointly controlled entities. The Corporation currently uses the proportionate consolidation method to account for interests in joint ventures, but must apply 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 will be presented as one-line item on the statement of financial position, the statement of earnings and the statement of comprehensive income, respectively.

(iv) 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 forward existing disclosures and introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

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

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4 - CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(v) Fair value measurement

In May 2011, the IASB issued IFRS 13 "Fair Value Measurement". IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new 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, at the measurement date. It also establishes disclosures about fair value measurement. 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.

(vi) Employee benefits

In June 2011, the 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 presentation choices currently permitted under IAS 19 and requires additional disclosures concerning the risks stemming from defined benefit plans.

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

All the above standards are required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted.

(vii) Financial instruments - Disclosures

The IASB has issued an amendment to IFRS 7 "Financial Instruments: Disclosures", requiring incremental disclosures regarding transfers of financial assets. This amendment is effective for annual periods beginning on or after July 1, 2011. The Corporation has not yet assessed the impact of the standard.

(viii) Financial statement presentation

In June 2011, the IASB issued an amendment to IAS 1 "Presentation of Financial Statements". The amendment requires entities to group together items of other comprehensive income that might be reclassified to profit or loss in subsequent periods be grouped separately from items that will not be reclassified to profit or loss in subsequent periods. This amendment is effective for fiscal years beginning on or after July 1, 2012.

Certain other new standards and interpretations have been issued but are not expected to have material impacts on the Corporation's financial statements.

CHANGE IN PRESENTATION CURRENCY

On January 1, 2011 the Corporation changed the presentation currency from Canadian dollars (C\$) to US dollars (US\$). The presentation currency of a Corporation is the currency in which the Corporation chooses to present its financial reports. As approximately 70% of the Corporation's sales originate in the United States, the Corporation changed its presentation currency for financial reporting in order to better reflect its financial position and financial performance.

In order to derive US dollar comparatives for the condensed consolidated interim financial statements, the Corporation has accounted for this change in presentation currency in accordance with IFRS, which involves share capital at the historical rate of US\$0.7786 for C\$1, retained earnings at the historical rate on January 1, 2010 of US\$0.8077 for C\$1, and earnings for the year ended December 31, 2010 at the 2010 average rate of US\$0.9705 for C\$1.

As a result of this change, translation differences arising from translation of entities having the Canadian dollar as functional currency to presentation currency are recognized in other comprehensive income and included in a separate cumulative translation account within equity.

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5 - FINANCE COSTS, NET

	Three-month period		Nine-month period	
	2011	2010	2011	2010
	\$	\$	\$	\$
Interest on bank indebtedness	276	211	731	455
Interest on long-term debt	2,271	1,116	7,547	1,984
Interest on convertible debentures	869	—	2,292	—
Accreted interest on convertible debentures	23	—	327	—
Amortization of financing costs	384	—	1,083	—
Interest on merchant members' deposits in the guarantee fund	36	27	116	83
Reclassification of realized losses to net earnings on derivative financial instruments designated as cash flow hedges	874	959	2,567	2,960
	<u>4,733</u>	<u>2,313</u>	<u>14,663</u>	<u>5,482</u>
Capitalized interest	(618)	(324)	(1,665)	(688)
Total finance costs	<u>4,115</u>	<u>1,989</u>	<u>12,998</u>	<u>4,794</u>
Interest income from merchant members	(106)	(50)	(274)	(158)
	<u>4,009</u>	<u>1,939</u>	<u>12,724</u>	<u>4,636</u>

6 - DEPRECIATION AND AMORTIZATION

	Three-month period		Nine-month period	
	2011	2010	2011	2010
	\$	\$	\$	\$
Property and equipment	3,082	2,036	9,096	7,062
Intangible assets	3,166	1,064	7,332	2,436
	<u>6,248</u>	<u>3,100</u>	<u>16,428</u>	<u>9,498</u>

7 - BUSINESS COMBINATIONS AND REPURCHASE OF NON-CONTROLLING INTERESTS

Business combinations completed in 2011

Acquisition of subsidiary

On January 11, 2011, the Corporation proceeded to the acquisition of all the outstanding shares of FinishMaster Inc., a company based in the United States and the largest North American independent distributor of automotive paints, coatings and paint-related accessories to the automotive collision industry. The purchase price, which was settled in cash, amounted to \$221,774, including the assumption of an estimated net debt of approximately \$56,000.

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7 - BUSINESS COMBINATIONS AND REPURCHASE OF NON-CONTROLLING INTERESTS (CONTINUED)

The determination of the fair values of the assets and liabilities of FinishMaster Inc. has been determined provisionally at September 30, 2011, as the Corporation is currently finalizing the valuation of certain items including the tax impacts of the purchase price allocation. The fair value of intangible assets has been determined provisionally pending the finalization of an independent valuation. The fair value amounts provisionally recognized for each class of the acquiree's assets and liabilities at the acquisition date are as follows:

	Pre- acquisition carrying amounts	Adjustment to fair value	Recognized at acquisition date
Cash	1,473	-	1,473
Trade and other receivables	38,715	-	38,715
Inventory	85,890	-	85,890
Prepaid expenses	12,429	(6,450)	5,979
Total current assets	138,507	(6,450)	132,057
Property and equipment	9,707	-	9,707
Intangible assets	110,239	(35,339)	74,900
Deferred tax assets	7,066	(212)	6,854
Other long-term assets	10,023	(10,023)	-
Total non-current assets	275,542	(52,024)	223,518
Trade and other payables	75,430	-	75,430
Other liabilities	3,586	-	3,586
Current portion of long-term debt	1,434	-	1,434
Total current liabilities	80,450	-	80,450
Long-term debt	1,540	-	1,540
Deferred tax liabilities	11,564	(3,574)	7,990
Total non-current liabilities	13,104	(3,574)	9,530
Net identifiable assets and liabilities			133,538
Goodwill on acquisition			88,236
Consideration transferred in cash			221,774
Cash acquired			1,473
Net cash outflow on acquisition			220,301

Acquisition-related costs amounting to \$2,976 are not included as part of consideration transferred and have been recognized as an expense in the consolidated statements of earnings.

The goodwill is attributable mainly to the synergies expected to be derived from the combination and the value of the workforce of FinishMaster Inc., which cannot be recognized as an intangible asset. The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

The acquisition contributed sales of \$118,856 and net earnings of \$3,478, net of financing and related costs for the three-month period ended September 30, 2011 and sales of \$336,297 and net earnings of \$7,124 for the nine-month period ended September 30, 2011. If the acquisition had occurred on January 1, 2011 rather than January 11, 2011, management estimates that additional revenues and earnings for the period would have been \$11,847 and \$8, respectively. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2011.

FinishMaster Inc. occupies facilities and uses equipment and vehicles under operating lease agreements requiring annual rental payments approximating \$2,253 for 2011, \$6,868 for 2012, \$4,790 for 2013, \$3,206 for 2014, \$1,736 for 2015 and \$2,351 for years after 2015.

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7 - BUSINESS COMBINATIONS & REPURCHASE OF NON-CONTROLLING INTERESTS (CONTINUED)

Acquisition of assets and liabilities

In the normal course of business, the Corporation acquires some of the assets and liabilities of companies. For the period ended on September 30, 2011, the Corporation acquired a portion of the assets and liabilities of companies operating in the United States and Canada. The total cost of these acquisitions amounted to \$3,029, of which \$328 is payable as at September 30, 2011, and was allocated primarily to current assets and liabilities based on their fair values.

The Corporation did not incur any acquisition-related costs and contribution to sales and earnings from these acquisitions are immaterial for the nine-month period ended September 30, 2011,

Repurchase of non-controlling interests

During the nine-month period ended September 30, 2011, the Corporation increased its interest by 5.77% in its subsidiary, Uni-Select Pacific Inc., for consideration of \$634, of which \$202 is payable on September 30, 2011. The consideration paid for this transaction was based on the carrying carrying amount as stated in the shareholders' agreement. Following this transaction, the Corporation's interest in its subsidiary increased from 78.85% to 84.62%.

8 - EARNINGS PER SHARE

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

	Three-month period		Nine-month period	
	2011	2010	2011	2010
Net earnings attributable to shareholders for basic earnings per share	16,633	13,152	44,799	34,854
Conversion impact of convertible debentures	579	—	2,067	—
Net earnings attributable to shareholders for diluted earnings per share	17,212	13,152	46,866	34,854
Weighted average number of shares outstanding for basic earnings per share	21,677,987	19,720,159	21,643,272	19,719,632
Conversion impact of convertible debentures	1,239,224	—	1,211,988	—
Impact of stock option exercise	7,644	7,817	8,112	8,993
Weighted average number of shares outstanding for diluted earnings per share	22,924,855	19,727,976	22,863,372	19,728,625

9 - INCOME TAXES

Reconciliation of the effective tax rate

	Three-month period		Nine-month period	
	2011	2010	2011	2010
	%	%	%	%
Corporation's domestic tax rate	28.29	29.25	28.31	29.25
Effect of differences in tax rates in foreign jurisdictions	6.79	6.82	7.88	7.64
Earnings taxable at lower rates in future years	(0.75)	(0.83)	(0.65)	(0.50)
Tax economy due to a capital gain	(0.37)	—	(0.85)	—
Non deductible expenses	0.28	0.35	1.48	0.35
Tax benefit from a financing structure	(17.85)	(6.22)	(18.63)	(9.55)
Losses at higher tax rates and other	(0.25)	(0.33)	(0.37)	(1.35)
Income tax expense	16.14	29.04	17.17	25.84

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10 - INTANGIBLE ASSETS AND GOODWILL

	Intangible assets				Goodwill
	Trademark	Customer relationships	Software	Total	
Cost	750	6,454	33,046	40,250	89,777
Accumulated amortization	-	(1,012)	(11,837)	(12,849)	-
Balance at January 1, 2010	<u>750</u>	<u>5,442</u>	<u>21,209</u>	<u>27,401</u>	<u>89,777</u>
Amortization	-	(310)	(2,440)	(2,750)	-
Additions from internal development ⁽¹⁾	-	-	30,172	30,172	-
Other additions	-	-	2,563	2,563	-
Acquisitions through business combinations	-	-	-	-	3,409
Capitalized interest	-	-	1,092	1,092	-
Disposals	-	-	-	-	(250)
Effect of variations in exchange rates	-	14	772	786	1,789
Total changes	<u>-</u>	<u>(296)</u>	<u>32,159</u>	<u>31,863</u>	<u>4,948</u>
Cost	750	6,524	68,212	75,486	94,725
Accumulated amortization	-	(1,378)	(14,844)	(16,222)	-
Balance at December 31, 2010	<u>750</u>	<u>5,146</u>	<u>53,368</u>	<u>59,264</u>	<u>94,725</u>
Amortization	-	(4,922)	(2,410)	(7,332)	-
Additions from internal development ⁽¹⁾	-	-	20,150	20,150	-
Other additions	-	60	940	1,000	-
Acquisitions through business combinations	7,900	67,110	-	75,010	88,236
Capitalized interest	-	-	1,665	1,665	-
Effect of variations in exchange rates	-	(43)	(854)	(897)	(1,281)
Total changes	<u>7,900</u>	<u>62,205</u>	<u>19,491</u>	<u>89,596</u>	<u>86,955</u>
Cost	8,650	73,710	89,553	171,913	181,680
Accumulated amortization	-	(6,359)	(16,694)	(23,053)	-
Balance at September 30, 2011	<u>8,650</u>	<u>67,351</u>	<u>72,859</u>	<u>148,860</u>	<u>181,680</u>

(1) Software includes the capitalized portion (\$67,647 in 2011 and \$47,458 on December 31, 2010) of costs related to the acquisition and internal development of an enterprise resource planning software which will be completed over the next few years. The amortization for this software over 10 years began when the financial component was put into service, on July 1, 2010. The amortization related to the operational component will start in 2011 as the software is implemented on the first sites.

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11 - CREDIT FACILITIES AND CONVERTIBLE DEBENTURES

On January 6, 2011, a new unsecured financing agreement replaced the Corporation's existing credit facilities, consisting of two components. The first component is a term loan of \$200,000 repayable through increasing quarterly instalments and bearing interest at the LIBOR in \$ US plus 2.3%. The second is a \$200,000 long-term revolving credit facility bearing interest at the LIBOR rate in \$ US plus 2.3%. Both components are recorded net of financing cost and the interest expense is accounted for using the effective interest rate method. The term loan and revolving credit facility amounted to \$196,250 and \$126,300, respectively as at September 30, 2011.

The Corporation also issued convertible unsecured subordinated debentures which bear interest at a rate of 5.9% per annum, payable semi-annually on January 31 and July 31 each year. The nominal amount of the offering was \$52,041 with net proceeds of \$49,777 after the deduction of financing costs. The convertible debentures are convertible at the holder's option into the Corporation's common shares at a conversion price of \$41.76 per share, representing a conversion rate of 23,946 common share per \$1,000 principal amount of convertible debentures. The convertible debentures will mature on January 31, 2016 and may be redeemed by the Corporation, in certain circumstances, after January 31, 2014. The equity component of the debentures was determined using the difference between the fair value of the convertible debentures as a whole and the fair value of the liability component.

12 - SHARE CAPITAL

	September 30, 2011	December 31, 2010
	\$	\$
Issued and fully paid		
Balance, beginning of period: 19,707,637 common shares (19,716,357 in 2010)	39,099	39,046
Issuance of 5,980 common shares on the exercise of stock options	-	89
Issuance of 1,983,750 common shares ⁽¹⁾	49,980	-
Common shares redemption ⁽²⁾	(117)	(36)
Balance, end of period: 21,666,587 common shares (19,707,637 in 2010)	88,962	39,099

⁽¹⁾ In order to finance its acquisition of FinishMaster Inc., the Corporation completed an offering of 1,983,750 common shares. The increase of \$49,980 represents net proceeds of \$49,361 plus \$619 of future income tax benefits from tax deductions of share issuance costs.

⁽²⁾ As at September 30, 2011, the Corporation redeemed 24,800 common shares for a cash consideration of \$658 including a share redemption premium of \$541 applied against the retained earnings.

In 2010, the Corporation redeemed 14,700 common shares for a cash consideration of \$366 including a share redemption premium of \$330 applied against the retained earnings.

A dividend of \$0.12 Cnd per common share was declared by the Corporation for the quarter ended September 30, 2011 (\$0.12 Cnd in 2010).

13 – EMPLOYEE FUTURE BENEFITS

At September 30, 2011, the Corporation sponsors both defined benefit and defined contribution pension plans.

For the three-month period ended September 30, 2011, the total expense was \$311 (\$344 in 2010) for the defined contribution pension plans and \$439 (\$536 in 2010) for the defined benefit pension plans.

For the nine-month period ended September 30, 2011, the total expense was \$900 (\$888 in 2010) for the defined contribution pension plans and \$1,331 (\$1,615 in 2010) for the defined benefit pension plans.

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14 - GUARANTEES

Subject to inventory repurchase agreements, the Corporation has made a commitment to financial institutions to repurchase inventories from some of its customers at a rate of 60% to 80% of the cost of the inventories for a maximum amount of \$64,907 (\$64,875 in 2010). In the event of legal proceedings, the inventories would be liquidated in the normal course of the Corporation's operations. These agreements are for an undetermined period of time. In management's opinion, the likelihood of significant payments being required and resulting in losses is low, as the value of the assets held in guarantee is greater than the Corporation's commitments.

15 - RELATED PARTIES

The Corporation incurred rental expenses of \$882 for the three-month period ended September 30, 2011 (\$845 in 2010) and \$2,646 for the nine-month period ended September 30, 2011 (\$2,459 in 2010) to the benefit of Clarit Realty Ltd, a company controlled by a member of the Board of Directors. These agreements were concluded in the Corporation's normal course of business, are recorded at the exchange amount, and consist of 3 to 5-year terms.

16 - GEOGRAPHICAL INFORMATION

The Corporation considers its distribution and commercial activity of automotive replacement parts as only one operating segment. The Corporation operates in Canada and the United States of America. The primary financial information per geographical location is as follows:

	Three-month period		Nine-month period	
	2011	2010	2011	2010
	\$	\$	\$	\$
Sales in Canada	149,590	130,564	414,810	378,969
Sales in the United States	322,901	204,753	929,110	600,990
	<u>472,491</u>	<u>335,317</u>	<u>1,343,920</u>	<u>979,959</u>
	September 30, 2011			
	<u>Canada</u>	<u>United States</u>	<u>Total</u>	
	\$	\$	\$	
Property and equipment	11,542	30,634	42,176	
Intangible assets	23,848	125,012	148,860	
Goodwill	39,275	142,405	181,680	
	December 31, 2010			
	<u>Canada</u>	<u>United States</u>	<u>Total</u>	
	\$	\$	\$	
Property and equipment	15,985	18,404	34,389	
Intangible assets	19,523	39,741	59,264	
Goodwill	40,556	54,169	94,725	
	January 1, 2010			
	<u>Canada</u>	<u>United States</u>	<u>Total</u>	
	\$	\$	\$	
Property and equipment	13,911	23,181	37,092	
Intangible assets	15,190	12,211	27,401	
Goodwill	39,016	50,761	89,777	

17 - SUBSEQUENT EVENTS

On October 26, 2011, the Corporation completed the acquisition of certain assets of Parts Depot Inc., in Florida including 39 corporate stores and 5 distribution centers for a purchase price of approximately \$33,000. This acquisition is estimated to contribute to annual sales by \$87,000.

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18 - CONSOLIDATED STATEMENT OF EARNINGS BY NATURE

	Note	Three-month period		Nine-month period	
		2011	2010	2011	2010
				\$	\$
Sales		472,491	335,317	1,343,920	979,959
Operating expenses					
Employee benefits		73,698	53,535	221,320	154,694
Change in inventories		333,216	237,939	941,143	700,591
Other expenses		35,673	20,301	97,550	63,736
		442,587	311,775	1,260,013	919,021
Earnings before net gain on disposal of assets, acquisition-related costs, finance costs and depreciation and amortization		29,904	23,542	83,907	60,938
Net gain on disposal of assets		—	—	(1,728)	—
Acquisition-related costs	7	—	—	2,976	—
Depreciation and amortization	6	6,248	3,100	16,428	9,498
		6,248	3,100	17,676	9,498
Operating profit		23,656	20,442	66,231	51,440
Finance costs, net	5	4,009	1,939	12,724	4,636
Earnings before income taxes		19,647	18,503	53,507	46,804
Income taxes	9				
Current		(127)	3,227	1,932	16,183
Future		3,298	2,147	7,254	(4,087)
		3,171	5,374	9,186	12,096
Net earnings		16,476	13,129	44,321	34,708
Attributable to shareholders		16,633	13,152	44,799	34,854
Attributable to non-controlling interests		(157)	(23)	(478)	(146)
		16,476	13,129	44,321	34,708
Net earnings per share	8				
Basic		0.77	0.67	2.07	1.77
Diluted		0.75	0.67	2.05	1.77
Weighted average number of shares outstanding (in thousands)	8				
Basic		21,678	19,720	21,643	19,720
Diluted		22,925	19,728	22,863	19,729
Actual shares outstanding (in thousands)		21,667	19,709	21,667	19,709

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

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19 - FIRST ADOPTION OF IFRS

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the period ended September 30, 2011, the comparative information presented in these financial statements for the period ended September 30, 2011 and the year ended December 31, 2010 and in the preparation of an opening IFRS balance sheet at January 1, 2010 (the Corporation's date of transition). The Corporation will ultimately prepare its opening IFRS statement of financial position and financial statements for 2010 and 2011 by applying existing IFRS with an effective date of December 31, 2011. Accordingly, the opening statement of financial position and financial statements for 2010 and 2011 may differ from these financial statements.

The Corporation has adjusted amounts reported previously in financial statements prepared in accordance with previous Canadian GAAP. An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Corporation's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

First-time adoption exemptions applied

Upon transition, IFRS 1 "First time adoption of International Financial Reporting Standards" permits certain exemptions from full retrospective application. The Corporation has applied the mandatory exceptions and certain optional exemptions. The exemptions adopted by the Corporation are set out below.

IFRS exemptions options

- BUSINESS COMBINATIONS - The Corporation elected not to retrospectively apply IFRS 3 "Business combinations" to business combinations that occurred prior to its transition date and such business combinations have not been restated. Any goodwill arising on such business combinations before the transition date has not been adjusted from the carrying value previously determined under Canadian GAAP as a result of applying these exemptions.
- EMPLOYEE BENEFITS - The Corporation elected to recognize all cumulative actuarial gains and losses that existed at its transition date in opening retained earnings for all of its employee benefit plans. Also, the Corporation has elected to use the exemption not to disclose the surplus or deficit of its defined benefit plan and experience adjustments before the date of transition.
- CUMULATIVE TRANSLATION DIFFERENCE - The Corporation has deemed the cumulative translation difference for foreign operations at the date of transition to be zero. Adjustments to give effect to this are recorded against opening equity. After the date of transition, translation differences arising on translation to presentation currency are recognized in other comprehensive income and included in a separate cumulative translation account within equity.
- DESIGNATION OF PREVIOUSLY RECOGNIZED FINANCIAL INSTRUMENTS - The Corporation elected to change the designation of cash on adoption of IFRS from the held-for-trading category to loans and receivable.
- SHARE-BASED PAYMENTS TRANSACTIONS - The Corporation has elected not to apply IFRS 2 "Share-based payments" to awards that vested prior to November 7, 2002.

IFRS mandatory exceptions

- HEDGE ACCOUNTING - The Corporation has only applied hedge accounting in the opening statement of financial position where all the requirements in IAS 39 were met at the date of transition.
- ESTIMATES - The Corporation has used estimates under IFRS that are consistent with those applied under previous GAAP (with adjustments for accounting policy differences).

Uni-Select Inc.
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19 - FIRST ADOPTION OF IFRS (CONTINUED)

Reconciliation of equity as at January 1, 2010

	Effect of transition to IFRS			IFRS
	Previous GAAP	Reclassifications	Adjustments	
	\$	\$	\$	\$
ASSETS				
Cash	15,144	–	–	15,144
Trade and other receivables	143,742	–	–	143,742
Income taxes receivable	3,687	–	–	3,687
Inventory	E 384,627	–	(9,372)	375,255
Prepaid expenses	F 6,606	–	(554)	6,052
Future income taxes	A 9,617	(9,617)	–	–
Assets related to discontinued operations	2,863	–	–	2,863
Current assets	566,286	(9,617)	(9,926)	546,743
Investments and advances to merchant members	16,082	–	–	16,082
Property and equipment	37,092	–	–	37,092
Financing costs	D 530	(530)	–	–
Intangible assets	27,401	–	–	27,401
Goodwill	89,777	–	–	89,777
Deferred tax assets	A 3,209	9,617	3,873	16,699
TOTAL ASSETS	740,377	(530)	(6,053)	733,794
LIABILITIES				
Bank indebtedness	42	–	–	42
Trade and other payables	F, K 173,682	–	8,005	181,687
Dividends payable	2,195	–	–	2,195
Instalments on long-term debt and on merchant members' deposits in the guarantee fund	385	–	–	385
Future income taxes	A 10,694	(10,694)	–	–
Liabilities related to discontinued operations	1,532	–	–	1,532
Current liabilities	188,530	(10,694)	8,005	185,841
Deferred gain on a sale-leaseback arrangement	G 1,945	–	(1,945)	–
Long-term debt	D 170,903	(530)	–	170,373
Merchant members' deposits in the guarantee fund	6,963	–	–	6,963
Derivative financial instruments	4,951	–	–	4,951
Deferred tax liabilities	A, H 7,473	10,694	88	18,255
Non-controlling interests	B 3,299	(3,299)	–	–
TOTAL LIABILITIES	384,064	(3,829)	6,148	386,383
SHAREHOLDERS' EQUITY				
Share capital	39,046	–	–	39,046
Contributed surplus	298	–	–	298
Retained earnings	C, E, F, G, H, K 286,386	34,098	(12,158)	308,326
Accumulated other comprehensive income	C 30,583	(34,098)	–	(3,515)
TOTAL SHAREHOLDERS' EQUITY	356,313	–	(12,158)	344,155
Non-controlling interests	B –	3,299	(43)	3,256
TOTAL EQUITY	356,313	3,299	(12,201)	347,411
TOTAL LIABILITIES AND EQUITY	740,377	(530)	(6,053)	733,794

Uni-Select Inc.
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19 - FIRST ADOPTION OF IFRS (CONTINUED)

Reconciliation of equity as at September 30, 2010

		Effect of transition to IFRS			
		Previous GAAP	Reclassifications	Adjustments	IFRS
		\$	\$	\$	\$
ASSETS					
Cash		5,756	–	–	5,756
Trade and other receivables	I	164,438	–	(2,400)	162,038
Inventory	E	391,192	–	(9,522)	381,670
Prepaid expenses	F	7,288	–	(526)	6,762
Future income taxes	A	10,294	(10,294)	–	–
Assets related to discontinued operations		2,437	–	–	2,437
Current assets		581,405	(10,294)	(12,448)	558,663
Investments and advances to merchant members		15,722	–	–	15,722
Property and equipment		35,224	–	–	35,224
Financing costs	D	470	(470)	–	–
Intangible assets	J	50,976	–	728	51,704
Goodwill	I	91,142	–	2,400	93,542
Deferred tax assets	A	2,867	10,294	4,060	17,221
TOTAL ASSETS		777,806	(470)	(5,260)	772,076
LIABILITIES					
Bank indebtedness		505	–	–	505
Trade and other payables	F, K	182,496	–	8,146	190,642
Income taxes payable		2,316	–	–	2,316
Dividends payable		2,230	–	–	2,230
Instalments on long-term debt and on merchant members' deposits in the guarantee fund		307	–	–	307
Future income taxes	A	6,894	(6,894)	–	–
Liabilities related to discontinued operations		27	–	–	27
Current liabilities		194,775	(6,894)	8,146	196,027
Deferred gain on a sale-leaseback arrangement	G	1,787	–	(1,787)	–
Long-term debt	D	171,135	(470)	–	170,665
Merchant members' deposits in the guarantee fund		7,514	–	–	7,514
Derivative financial instruments		5,847	–	–	5,847
Deferred tax liabilities	A, H	7,415	6,894	282	14,591
Non-controlling interests	B	2,950	(2,950)	–	–
TOTAL LIABILITIES		391,423	(3,420)	6,641	394,644
SHAREHOLDERS' EQUITY					
Share capital		39,103	–	–	39,103
Contributed surplus		354	–	–	354
Retained earnings	C, E, F, G, H, K	313,823	34,098	(11,718)	336,203
Accumulated other comprehensive income	C	33,103	(34,098)	(147)	(1,142)
TOTAL SHAREHOLDERS' EQUITY		386,383	–	(11,865)	374,518
Non-controlling interests	B	–	2,950	(36)	2,914
TOTAL EQUITY		386,383	2,950	(11,901)	377,432
TOTAL LIABILITIES AND EQUITY		777,806	(470)	(5,260)	772,076

Uni-Select Inc.
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19 - FIRST ADOPTION OF IFRS (CONTINUED)

Reconciliation of equity as at December 31, 2010

		Effect of transition to IFRS			
		Previous GAAP	Reclassifications	Adjustments	IFRS
		\$	\$	\$	\$
ASSETS					
Cash		379	–	–	379
Trade and other receivables	I	159,619	–	(2,400)	157,219
Income taxes receivable		7,020	–	–	7,020
Inventory	E	414,136	–	(9,800)	404,336
Prepaid expenses	F	8,022	–	(530)	7,492
Future income taxes	A	12,858	(12,858)	–	–
Current assets		602,034	(12,858)	(12,730)	576,446
Investments and advances to merchant members		16,854	–	–	16,854
Property and equipment		34,389	–	–	34,389
Financing costs	D	250	(250)	–	–
Intangible assets	J	58,139	–	1,125	59,264
Goodwill	I	92,325	–	2,400	94,725
Deferred tax assets	A	2,997	12,858	4,170	20,025
TOTAL ASSETS		806,988	(250)	(5,035)	801,703
LIABILITIES					
Bank indebtedness		11,455	–	–	11,455
Trade and other payables	F, K	186,688	–	8,288	194,976
Dividends payable		2,294	–	–	2,294
Instalments on long-term debt and on merchant members' deposits in the guarantee fund		269	–	–	269
Future income taxes	A	8,788	(8,788)	–	–
Current liabilities		209,494	(8,788)	8,288	208,994
Deferred gain on a sale-leaseback arrangement	G	1,735	–	(1,735)	–
Long-term debt	D	170,860	(250)	–	170,610
Merchant members' deposits in the guarantee fund		7,723	–	–	7,723
Derivative financial instruments		4,816	–	–	4,816
Deferred tax liabilities	A, H	8,640	8,788	402	17,830
Non-controlling interests	B	2,657	(2,657)	–	–
TOTAL LIABILITIES		405,925	(2,907)	6,955	409,973
SHAREHOLDERS' EQUITY					
Share capital		39,099	–	–	39,099
Contributed surplus		375	–	–	375
Retained earnings	C, E, F, G, J, K	322,227	34,098	(11,392)	344,933
Accumulated other comprehensive income	C	39,362	(34,098)	(564)	4,700
TOTAL SHAREHOLDERS' EQUITY		401,063	–	(11,956)	389,107
Non-controlling interests	B	–	2,657	(34)	2,623
TOTAL EQUITY		401,063	2,657	(11,990)	391,730
TOTAL LIABILITIES AND EQUITY		806,988	(250)	(5,035)	801,703

Uni-Select Inc.
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19 - FIRST ADOPTION OF IFRS (CONTINUED)

Reconciliation of the statement of earnings for the three-month period ended September 30, 2010

	Effect of transition to IFRS			IFRS
	Previous GAAP	Reclassifications	Adjustments	
	\$	\$	\$	\$
Sales	<u>335,317</u>	<u>-</u>	<u>-</u>	<u>335,317</u>
Operating expenses				
Employee benefits	F 53,935	-	(400)	53,535
Change in inventories	E 247,544	-	-	247,544
Other expenses	G 10,643	-	53	10,696
	<u>312,122</u>	<u>-</u>	<u>(347)</u>	<u>311,775</u>
Earnings before finance costs and depreciation and amortization	<u>23,195</u>	<u>-</u>	<u>347</u>	<u>23,542</u>
Depreciation and amortization	<u>3,100</u>	<u>-</u>	<u>-</u>	<u>3,100</u>
Operating profit	<u>20,095</u>	<u>-</u>	<u>347</u>	<u>20,442</u>
Finance costs, net	<u>2,259</u>	<u>-</u>	<u>(320)</u>	<u>1,939</u>
Earnings before income taxes	<u>17,836</u>	<u>-</u>	<u>667</u>	<u>18,503</u>
Income taxes				
Current	3,227	-	-	3,227
Future	1,930	-	217	2,147
	<u>5,157</u>	<u>-</u>	<u>217</u>	<u>5,374</u>
Net earnings	<u>12,679</u>	<u>-</u>	<u>450</u>	<u>13,129</u>
Attributable to shareholders	12,706	-	446	13,152
Attributable to non-controlling interests	(27)	-	4	(23)
	<u>12,679</u>	<u>-</u>	<u>450</u>	<u>13,129</u>
Earnings per share				
Basic and diluted	0.64	-	0.02	0.67

Uni-Select Inc.
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19 - FIRST ADOPTION OF IFRS (CONTINUED)

Reconciliation of the statement of earnings for the nine-month period ended September 30, 2010

	Effect of transition to IFRS			IFRS
	Previous GAAP	Reclassifications	Adjustments	
	\$	\$	\$	\$
Sales	<u>979,959</u>	<u>-</u>	<u>-</u>	<u>979,959</u>
Operating expenses				
Employee benefits	F 154,707	-	(13)	154,694
Change in inventories	E 700,591	-	-	700,591
Other expenses	G 63,578	-	158	63,736
	<u>918,876</u>	<u>-</u>	<u>145</u>	<u>919,021</u>
Earnings before finance costs and depreciation and amortization	<u>61,083</u>	<u>-</u>	<u>(145)</u>	<u>60,938</u>
Depreciation and amortization	<u>9,498</u>	<u>-</u>	<u>-</u>	<u>9,498</u>
Operating profit	<u>51,585</u>	<u>-</u>	<u>(145)</u>	<u>51,440</u>
Finance costs, net	<u>5,320</u>	<u>-</u>	<u>(684)</u>	<u>4,636</u>
Earnings before income taxes	<u>46,265</u>	<u>-</u>	<u>539</u>	<u>46,804</u>
Income taxes				
Current	16,183	-	-	16,183
Future	(4,177)	-	90	(4,087)
	<u>12,006</u>	<u>-</u>	<u>90</u>	<u>12,096</u>
Net earnings	<u>34,259</u>	<u>-</u>	<u>449</u>	<u>34,708</u>
Attributable to shareholders	34,412	-	442	34,854
Attributable to non-controlling interests	(153)	-	7	(146)
	<u>34,259</u>	<u>-</u>	<u>449</u>	<u>34,708</u>
Earnings per share				
Basic and diluted	1.75	-	0.02	1.77

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19 - FIRST ADOPTION OF IFRS (CONTINUED)

Reconciliation of the statement of earnings for the period ended December 31, 2010

	Effect of transition to IFRS			IFRS
	Previous GAAP	Reclassifications	Adjustments	
	\$	\$	\$	\$
Sales	<u>1,285,375</u>	<u>—</u>	<u>—</u>	<u>1,285,375</u>
Operating expenses				
Employee benefits	F 204,505	—	(94)	204,411
Change in inventories	E 918,007	—	4	918,011
Other expenses	G, J 84,789	—	212	85,001
	<u>1,207,301</u>	<u>—</u>	<u>122</u>	<u>1,207,423</u>
Earnings before finance costs and depreciation and amortization	<u>78,074</u>	<u>—</u>	<u>(122)</u>	<u>77,952</u>
Depreciation and amortization	<u>12,465</u>	<u>—</u>	<u>—</u>	<u>12,465</u>
Operating profit	<u>65,609</u>	<u>—</u>	<u>(122)</u>	<u>65,487</u>
Finance costs, net	<u>7,714</u>	<u>—</u>	<u>(1,099)</u>	<u>6,615</u>
Earnings before income taxes	<u>57,895</u>	<u>—</u>	<u>977</u>	<u>58,872</u>
Income taxes				
Current	13,837	—	—	13,837
Future	(1,706)	—	199	(1,507)
	<u>12,131</u>	<u>—</u>	<u>199</u>	<u>12,330</u>
Earnings from continuing operations	<u>45,764</u>	<u>—</u>	<u>778</u>	<u>46,542</u>
Loss from discontinued operations	<u>914</u>	<u>—</u>	<u>—</u>	<u>914</u>
Net earnings	<u>44,850</u>	<u>—</u>	<u>778</u>	<u>45,628</u>
Attributable to shareholders	45,127	—	767	45,894
Attributable to non-controlling interests	(277)	—	11	(266)
	<u>44,850</u>	<u>—</u>	<u>778</u>	<u>45,628</u>
Basic and diluted earnings per share				
From continuing operations	2.33	—	0.04	2.37
From discontinued operations	(0.04)	—	—	(0.04)
	<u>2.29</u>	<u>—</u>	<u>0.04</u>	<u>2.33</u>

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19 - FIRST ADOPTION OF IFRS (CONTINUED)

Reconciliation of comprehensive income for the three-month period ended September 30, 2010

	Effect of transition to IFRS			IFRS
	Previous GAAP	Reclassifications	Adjustments	
	\$	\$	\$	\$
Net earnings	12,679	–	450	13,129
Other comprehensive income				
Effective portion of changes in fair value of cash flow hedges (net of incomes taxes of \$286).	(773)	–	–	(773)
Net change in fair value of derivative financial instruments designated as cash flow hedges transferred to earnings (net of income taxes of \$259)	700 (73)	– –	– –	700 (73)
Unrealized exchange gains (losses) on translation of financial statements to presentation currency	785	–	(358)	427
Unrealized exchange gains (losses) on translation of long-term debt designated as a hedge of net investments in foreign operations	5,008	–	–	5,008
Other comprehensive income	5,720	–	(358)	5,362
Comprehensive income	18,399	–	92	18,491
Attributable to shareholders	18,426	–	88	18,514
Attributable to non-controlling interests	(27)	–	4	(23)
	18,399	–	92	18,491

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19 - FIRST ADOPTION OF IFRS (CONTINUED)

Reconciliation of comprehensive income for the nine-month period ended September 30, 2010

	Effect of transition to IFRS			IFRS
	Previous GAAP	Reclassifications	Adjustments	
	\$	\$	\$	\$
Net earnings	34,259	—	449	34,708
Other comprehensive income				
Effective portion of changes in fair value of cash flow hedges (net of incomes taxes of \$958).	(2,933)	—	—	(2,933)
Net change in fair value of derivative financial instruments designated as cash flow hedges transferred to earnings (net of income taxes of \$780)	2,180 (753)	—	—	2,180 (753)
Unrealized exchange gains (losses) on translation of financial statements to presentation currency	520	—	(147)	373
Unrealized exchange gains (losses) on translation of long-term debt designated as a hedge of net investments in foreign operations	2,753	—	—	2,753
Other comprehensive income	2,520	—	(147)	2,373
Comprehensive income	36,779	—	302	37,081
Attributable to shareholders	36,932	—	295	37,227
Attributable to non-controlling interests	(153)	—	7	(146)
	36,779	—	302	37,081

Uni-Select Inc.
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19 - FIRST ADOPTION OF IFRS (CONTINUED)

Reconciliation of comprehensive income for the period ended December 31, 2010

	Effect of transition to IFRS			IFRS
	Previous GAAP	Reclassifications	Adjustments	
	\$	\$	\$	\$
Net earnings	44,850	–	778	45,628
Other comprehensive income				
Effective portion of changes in fair value of cash flow hedges (net of incomes taxes of \$910).	(2,918)	–	–	(2,918)
Net change in fair value of derivative financial instruments designated as cash flow hedges transferred to earnings (net of income taxes of \$1,050)	2,917 (1)	– –	– –	2,917 (1)
Unrealized exchange gains (losses) on translation of financial statements to presentation currency	942	–	(564)	378
Unrealized exchange gains (losses) on translation of long-term debt designated as a hedge of net investments in foreign operations	7,840	–	–	7,840
Other comprehensive income	8,781	–	(564)	8,217
Comprehensive income	53,631	–	214	53,845
Attributable to shareholders	53,908	–	203	54,111
Attributable to non-controlling interests	(277)	–	11	(266)
	53,631	–	214	53,845

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19 - FIRST ADOPTION OF IFRS (CONTINUED)

No material adjustments have been brought to the statement of cash flows for 2010.

- A TAX RECLASSIFICATION** - Under previous GAAP, deferred tax assets and liabilities were presented as current or long-term on the consolidated statement of financial position in accordance with the assets or liabilities that gave rise to the deferred tax balance. Under IFRS, all deferred tax assets and liabilities are classified as non-current irrespective of the classification of the underlying assets or liabilities to which they relate, or the expected reversal of the temporary difference.
- B RECLASSIFICATION OF NON-CONTROLLING INTERESTS** - Under IFRS, non-controlling interests in the consolidated statement of earnings and statement of comprehensive income are presented as an allocation of the net earnings and of other comprehensive income. Non-controlling interest in the consolidated statement of financial position and statement of shareholders' equity are classified as equity but are presented separately from equity attributable to equity holders of the Corporation. Under previous GAAP, non-controlling interest included in the statement of consolidated earnings were presented as an expense in the calculation of consolidated net earnings. Non-controlling interest in the consolidated statement of financial position was previously classified between liabilities and shareholders' equity.
- C CUMULATIVE TRANSLATION ADJUSTMENT** - In accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards" the Corporation has elected to deem all the cumulative translation difference prior to the date of transition with respect to all foreign operations to be nil at the date of transition, and the corresponding adjustment was recorded in retained earnings.
- D FINANCING COSTS** - Under IFRS, financing costs are presented as a reduction of the credit facility and amortized using the effective interest method. Under previous GAAP, these costs were capitalized under "Deferred financing costs and amortized using the straight-line method over a five-year period.
- E REBATES** - Under IFRS, there are no specific criteria for accounting for consideration received from suppliers, therefore such consideration in the form of discounts, rebates and other similar incentives, subject to the general requirements of IAS 2 "Inventories", are considered in the establishment of cost of goods sold and, as such are deducted in determining the costs of purchased goods for resale. Under Canadian GAAP, over the years, a portion of such consideration was considered a reimbursement of costs incurred by the Corporation to sell the products of the suppliers and supplier incentives offered to the customers and was accounted for as a reduction of such costs or as revenue respectively.

	Three-month period ended September 30, 2010	Nine-month period ended September 30, 2010	Year ended December 31, 2010
	\$	\$	\$
Net earnings impact			
Change in inventory	-	-	4
Income tax expense	-	-	1
Increase in net earnings	-	-	3
	\$	\$	\$
Statement of financial position impact			
Inventory	(9,372)	(9,522)	(9,800)
Deferred tax assets	(2,522)	(2,565)	(2,636)
Increase (Decrease) in other comprehensive income	-	(46)	(288)
Decrease in retained earnings	(6,850)	(6,911)	(6,876)

Uni-Select Inc.
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19 - FIRST ADOPTION OF IFRS (CONTINUED)

- F** EMPLOYEE BENEFITS - Under previous GAAP, the Corporation recognized as an expense the excess of the net actuarial gain on a loss over 10% greater of the benefit obligation and the fair value of plan assets over the average remaining service period of active employees (the "corridor approach"). The Corporation elected to recognize all cumulative actuarial gains and losses that existed at its date in opening retained earnings for all of its employee benefit plans.

Under previous GAAP, past service costs from plan amendments were deferred and amortized on a straight-line basis over the remaining service period of active employees at the date of the amendment. Under IFRS, liabilities and expenses for vested past service costs under a defined benefit plan are recognized immediately.

	Three-month period ended September 30, 2010	Nine-month period ended September 30, 2010	Year ended December 31, 2010
	\$	\$	\$
Net earnings impact			
Employee benefits	100	300	402
Income tax expense	27	81	108
Increase in net earnings	73	219	294
Attributable to shareholders	69	212	283
Attributable to non-controlling interests	4	7	11
	73	219	294
	January 1, 2010	September 30, 2010	December 31, 2010
	\$	\$	\$
Statement of financial position impact			
Prepaid expense	(554)	(526)	(530)
Trade and other payables	6,008	5,842	5,925
Deferred tax assets	1,765	1,720	1,734
Increase (Decrease) in other comprehensive income	-	(81)	(226)
Decrease in non-controlling interests	(43)	(36)	(34)
Decrease in retained earnings	(4,754)	(4,531)	(4,461)

For employees of the US subsidiary, a provision relative to the personal time off policy is taken. Under IFRS, the obligation exists, and is recognized, even if the compensated absences are non-vesting, although the possibility that employees may leave before they use an accumulated non-vesting entitlement affects the measurement of that obligation. Under previous GAAP, no provision was required as the compensated absences were not vested.

	Three-month period ended September 30, 2010	Nine-month period ended September 30, 2010	Year ended December 31, 2010
	\$	\$	\$
Net earnings impact			
Employee benefits	(300)	287	308
Income tax expense	(123)	118	120
Decrease (Increase) in net earnings	(177)	169	188

Uni-Select Inc.
Notes to the Consolidated Financial Statements

September 30, 2011 and 2010 and December 31, 2010

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

19 - FIRST ADOPTION OF IFRS (CONTINUED)

	January 1, 2010	September 30, 2010	December 31, 2010
	\$	\$	\$
Statement of financial position impact			
Trade and other payables	1,041	1,333	1,364
Deferred tax assets	383	505	511
Increase (Decrease) in other comprehensive income	-	(5)	(15)
Decrease in retained earnings	<u>(658)</u>	<u>(823)</u>	<u>(838)</u>

- G DEFERRED GAIN ON A SALE-LEASEBACK ARRANGEMENT** - Under previous GAAP, the Corporation had deferred gains on sale-leaseback transactions, the benefits of which were recognized in earnings over the lease term. Under IFRS, for leases classified as operating leases, any gain is recognized immediately when the sale and leaseback terms are at fair value.

	Three-month period ended September 30, 2010	Nine-month period ended September 30, 2010	Year ended December 31, 2010
	\$	\$	\$
Net earnings impact			
Other expenses	53	158	212
Income tax expense	22	65	92
Decrease in net earnings	<u>31</u>	<u>93</u>	<u>120</u>

	January 1, 2010	September 30, 2010	December 31, 2010
	\$	\$	\$
Statement of financial position impact			
Deferred gains on a sale-leaseback arrangement	(1,945)	(1,787)	(1,735)
Deferred tax assets	(797)	(730)	(711)
Increase in retained earnings	<u>1,148</u>	<u>1,057</u>	<u>1,024</u>

- H DEFERRED TAXES** - Canadian GAAP allowed an exception to the basic concept of temporary differences for intangible assets other than goodwill acquired in assets deal. IFRS do not have that kind of exception.

	January 1, 2010	September 30, 2010	December 31, 2010
	\$	\$	\$
Statement of financial position impact			
Deferred tax liabilities	88	79	89
Increase (Decrease) in other comprehensive income	-	(1)	(4)
Decrease in retained earnings	<u>(88)</u>	<u>(78)</u>	<u>(85)</u>

- I CONTINGENT CONSIDERATION** - Under previous GAAP, contingent consideration was recognized only when its payment was probable. Under IFRS, the fair value of any contingent consideration must be measured at the acquisition date.

- J BORROWING COSTS** - Under previous GAAP, the Corporation elected not to capitalize borrowing costs on qualifying assets. Under IFRS, borrowing costs that are directly attributable to the acquisition, construction or development of a qualifying asset are included in the cost of that asset.

Uni-Select Inc.
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(In thousands of US dollars, except per share amounts, unaudited)

19 - FIRST ADOPTION OF IFRS (CONTINUED)

	Three-month period ended September 30, 2010	Nine-month period ended September 30, 2010	Year ended December 31, 2010
	\$	\$	\$
Net earnings impact			
Finance costs	(320)	(684)	(1,099)
Income tax expense	(89)	(192)	(302)
Increase in net earnings	(231)	(492)	(797)
	\$	\$	\$
Statement of financial position impact			
Intangibles	-	728	1,125
Deferred tax liabilities	-	203	313
Increase (Decrease) in other comprehensive income	-	3	15
Increase in retained earnings	-	522	797

- K** PROVISIONS - Under previous GAAP, provisions were recorded under a higher threshold of probability than under IFRS. Furthermore, the probability of occurrence was not factored into the amount of the provision.

	January 1, 2010	September 30, 2010	December 31, 2010
	\$	\$	\$
Statement of financial position impact			
Trade and other payables	956	971	999
Increase (Decrease) in other comprehensive income	-	(17)	(46)
Decrease in retained earnings	(956)	(954)	(953)