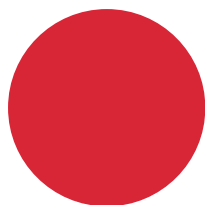




Shifting Gears Driving Growth

2016 SECOND QUARTER INTERIM REPORT



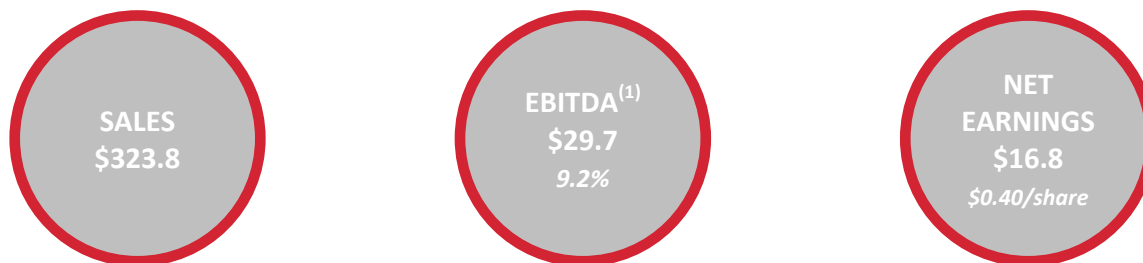
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2016

Quarterly highlights	3
Preliminary comments to Management's discussion and analysis	4
Profile and description	5
Non-IFRS financial measures	6
Analysis of consolidated results	8
Analysis of results by segment	15
Cash flows	18
Financing	20
Capital structure	21
Financial position	23
Risk management	23
Change in accounting policies	24
Exchange rate data	24
Effectiveness of disclosure controls and procedures and internal controls of financial reporting	24
Outlook	25

QUARTERLY HIGHLIGHTS

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



Note: The 2016 results in dollars vary compared to last year's figures, since the 2015 quarter includes two months of operations of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. sold on June 1, 2015.

- 18 net store additions to the network resulting from 5 business acquisitions, bringing the total store count to 255 (205 for the Paint and related products segment and 50 for the Automotive product segment).
- Consolidated sales decreased by 20.7%, mainly due to the sale of net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. Excluding these divestitures, sales are up 14.6% benefiting from recent business acquisitions. Consolidated organic growth⁽¹⁾ is at 0.1%; 2.1% for the Paint and related products segment and (2.3%) for the Automotive products segment.
- EBITDA⁽¹⁾ and adjusted EBITDA⁽¹⁾ are at \$29.7 compared to \$19.0 and \$31.1 respectively last year. Adjusted EBITDA margin⁽¹⁾ improved by 1.6% from 7.6% to 9.2%, benefiting from the sale of net assets, which had a lower EBITDA margin⁽¹⁾ than the ongoing operations. Accretive business acquisitions also contributed to the improvement.
- Net earnings are at \$16.8, compared to \$12.4 last year. Adjusted earnings⁽¹⁾ of \$16.8 decreased by 15.8% from \$20.0 due to the impact of the sale of the net assets, including negatives synergies, and a higher tax rate in relation to different geographic pre-tax earnings, partly compensated by accretive business acquisitions.
- Free cash flows⁽¹⁾ increased by 19.0% from \$25.9 last year to \$30.8 and are mainly attributable to lower capital expenditures and income tax refunds.
- As at June 30, 2016, the total net debt⁽¹⁾ is \$166.3 and was principally used for business acquisitions and share repurchases. The Corporation has an unused credit facility of \$234.0 to seize growth opportunities.
- 2-for-1 stock split of common shares was effected on May 11, 2016 for shareholders of record as at May 6, 2016 to increase the number of shares outstanding and enhance affordability to investors. To reflect the effect of the stock split, information pertaining to the number of common shares and stock-based compensation units has been retroactively restated.

⁽¹⁾ This information represents a non-IFRS financial measure. (Refer to the "Non-IFRS financial measures" section for further details.)

SELECTED CONSOLIDATED INFORMATION

(in thousands of US dollars, except per share amounts, percentages and otherwise specified)	Second quarter			Six-month period		
	2016	2015	%	2016	2015	%
OPERATING RESULTS						
Sales	323,758	408,299	(20.7)	587,788	819,984	(28.3)
EBITDA ⁽¹⁾	29,739	19,035		51,442	(103,230)	
Restructuring and other charges	-	(1,730)		-	3,296	
Impairment and transaction charges related to the sale of net assets	-	13,544		-	147,546	
Adjusted EBITDA ⁽¹⁾	29,739	31,051	(4.2)	51,442	50,542	1.8
Adjusted EBITDA margin ⁽¹⁾	9.2%	7.6%		8.8%	6.2%	
Net earnings (loss)	16,806	12,373		28,289	(69,909)	
Adjusted earnings ⁽¹⁾	16,806	19,954	(15.8)	28,289	29,987	(5.7)
Free cash flows ⁽¹⁾	30,799	25,886		50,227	36,112	
COMMON SHARE DATA						
Earnings (loss)	0.40	0.29		0.66	(1.64)	
Adjusted earnings ⁽¹⁾	0.40	0.47	(14.9)	0.66	0.70	(5.7)
Dividend (C\$)	0.085	0.080		0.165	0.155	
Number of shares outstanding	42,231,178	43,227,388		42,231,178	43,227,388	
Weighted average number of outstanding shares	42,277,081	42,650,578		42,647,044	42,545,180	
				June 30,	Dec. 31,	
				2016	2015	
FINANCIAL POSITION						
Working capital				225,618	228,774	
Total assets				932,896	835,150	
Total net debt ⁽¹⁾				166,287	-	
Total equity				450,230	436,978	
Adjusted return on average total equity				12.4%	12.0%	
Book value per share				10.66	10.13	

⁽¹⁾ This information represents a non-IFRS financial measure. (Refer to the "Non-IFRS financial measures" section for further details.)

PRELIMINARY COMMENTS TO MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIS OF PRESENTATION OF MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's discussion and analysis ("MD&A") discusses the Corporation's operating results and cash flows for the quarter and the six-month period ended June 30, 2016 compared with those of the quarter and the six-month period ended June 30, 2015, as well as its financial position as at June 30, 2016 compared with its financial position as at December 31, 2015. This report should be read in conjunction with the audited consolidated financial statements and accompanying notes included in the 2015 Annual Report. The information contained in this MD&A takes into account all major events that occurred up to July 27, 2016, the date at which the consolidated financial statements and MD&A were approved and authorized for issuance by the Corporation's Board of Directors. It presents the existing Corporation's status and business as per Management's best knowledge as at that date.

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

In this MD&A, "Uni-Select" or the "Corporation" refers, as the case may be, to Uni-Select Inc., its subsidiaries, divisions and joint ventures.

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

The financial statements contained in the present MD&A were prepared in accordance with International Financial Reporting Standards (“IFRS”). These financial statements have not been audited by the Corporation’s external auditors.

FORWARD-LOOKING STATEMENTS

The MD&A is intended to assist investors in understanding the nature and importance of the results and trends, as well as the risks and uncertainties associated with Uni-Select’s operations and financial position. Certain sections of this MD&A contain forward-looking statements within the meaning of securities legislation concerning the Corporation’s objectives, projections, estimates, expectations or forecasts.

Forward-looking statements involve known and unknown risks and uncertainties, which may cause actual results in future periods to differ materially from forecasted results. Risks that could cause the results to differ materially from expectations are discussed in the “Risk Management” section of the 2015 Annual Report. Those risks include, among others, competitive environment, consumer purchasing habits, vehicle fleet trends, general economic conditions and the Corporation’s financing capabilities.

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

PROFILE AND DESCRIPTION

Uni-Select is a leader in the distribution of automotive refinish and industrial paint and related products across North America, as well as in the automotive aftermarket parts business in Canada. Its over 3,000 team members, spread across a network of 13 distribution centres and over 255 corporate stores, are dedicated to supplying its customers the right products, at the right place, and when they need them. Uni-Select also offers advanced solutions and first-rate service to enable its customers’ success. In the United States, FinishMaster, Inc., a subsidiary of Uni-Select, operates a network of automotive refinish corporate stores from coast to coast under the FinishMaster banner and supports more than 6,000 collision repair centre customers. Uni-Select’s Canadian automotive aftermarket parts and automotive refinish business supports a growing national network of more than 1,150 independent customers and corporate stores, several of which operate under Uni-Select store banner programs including Auto Parts Plus®, Auto Plus® and Bumper to Bumper®. In Canada, Uni-Select supports over 3,900 shops and stores through its automotive repair/installer shop banners Auto Select®, Uni-Pro®, and SAX (Select Auto Xpert), as well as through its automotive refinish banner, Carrossier ProColor®. Uni-Select is headquartered in Boucherville, Québec, Canada, and its shares are traded on the Toronto Stock Exchange (TSX) under the symbol UNS.

NON-IFRS FINANCIAL MEASURES

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

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

Organic growth⁽¹⁾	This measure consists of quantifying the increase in pro forma consolidated sales between two given periods, excluding the impact of acquisitions, sales and disposals of stores, net assets sold, exchange-rate fluctuations and when necessary, the variance in the number of billing days. This measure enables Uni-Select to evaluate the intrinsic trend in the sales generated by its operational base in comparison with the rest of the market. Determining the rate of organic growth, based on findings that Management regards as reasonable, may differ from the actual rate of organic growth.
EBITDA⁽¹⁾	This measure represents net earnings excluding finance costs, depreciation and amortization, equity income and income taxes. This measure is a financial indicator of a corporation's ability to service and incur debt. It should not be considered by an investor as an alternative to sales or net earnings, as an indicator of operating performance or cash flows, or as a measure of liquidity, but as additional information.
Adjusted EBITDA, adjusted earnings and adjusted earnings per share⁽¹⁾	<p>Management uses adjusted EBITDA, adjusted earnings and adjusted earnings per share to assess EBITDA, net earnings and net earnings per share from operating activities, excluding certain adjustments, net of income taxes (for adjusted earnings and adjusted earnings per share), which may affect the comparability of the Corporation's financial results. Management considers that these measures are more representative of the Corporation's operational performance and more appropriate in providing additional information.</p> <p>These adjustments include, among other things, restructuring and other charges, impairment and transaction charges related to the sale of net assets and costs related to the closure and disposal of stores. The exclusion of these items does not indicate that they are non-recurring.</p>
EBITDA margin and adjusted EBITDA margin⁽¹⁾	The EBITDA margin is a percentage corresponding to the ratio of EBITDA to sales. The adjusted EBITDA margin is a percentage corresponding to the ratio of adjusted EBITDA to sales.
Free cash flows⁽²⁾	<p>This measure corresponds to the cash flows from operating activities according to the consolidated statements of cash flows adjusted for the following items: changes in working capital items, equity income, acquisitions of property and equipment and difference between amounts paid for post-employment benefits and current year expenses. Uni-Select considers the free cash flows to be a good indicator of financial strength and of operating performance because it shows the amount of funds available to manage growth in working capital, pay dividends, repay debt, reinvest in the Corporation and capitalize on various market opportunities that arise.</p> <p>The free cash flows exclude certain variations in working capital items (such as trade and other receivables, inventory and trade and other payables) and other funds generated and used according to the statements of cash flows. Therefore, it should not be considered as an alternative to the consolidated statements of cash flows, or as a measure of liquidity, but as additional information.</p>
Total net debt⁽³⁾	This measure consists of long-term debt, including the portion due within a year (<i>as shown in note 10 to the interim consolidated financial statements</i>), net of cash.

Total net debt to total net debt and total equity ratio⁽³⁾	This ratio corresponds to total net debt divided by the sum of total net debt and total equity.
Long-term debt to total equity ratio⁽³⁾	This ratio corresponds to long-term debt, including the portion due within a year (<i>as shown in note 10 to the interim consolidated financial statements</i>), divided by the total equity.
Funded debt to adjusted EBITDA⁽³⁾	This ratio corresponds to total net debt to adjusted EBITDA.
Adjusted return on average total equity⁽³⁾	This ratio corresponds to net earnings adjusted for restructuring and other charges, impairment and transaction charges related to the sale of net assets as well as the non-recurring expenses related to the Action Plan ⁽⁴⁾ and to the closure and disposal of stores, divided by average total equity.

⁽¹⁾ Refer to the "Analysis of consolidated results" section for a quantitative reconciliation from the non-IFRS financial measures to the most directly comparable measure calculated in accordance with IFRS.

⁽²⁾ Refer to the "Cash flows" section for a quantitative reconciliation from the non-IFRS measures to the most directly comparable measure calculated in accordance with IFRS.

⁽³⁾ Refer to the "Capital structure" section for further details.

⁽⁴⁾ Implemented on July 11, 2013 and having ceased upon the closing of the sale of net assets.

ANALYSIS OF CONSOLIDATED RESULTS

The 2016 results in dollars vary compared to last year's figures, since the quarter and the six-month period of 2015 respectively include two and five months of operations of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. sold on June 1, 2015. The explanations are provided based on percentage of sales.

SALES

	Second quarter		Six-month period	
	2016	2015	2016	2015
United States	196,477	281,227	369,890	602,480
Canada	127,281	127,072	217,898	217,504
Sales	323,758	408,299	587,788	819,984
Sales from net assets sold	-	(125,874)	-	(299,267)
Sales net of sales from net assets sold	323,758	282,425	587,788	520,717
		%		%
Sales variance	41,333	14.6	67,071	12.9
Effect of declining Canadian dollar	5,692	2.0	14,272	2.7
Number of billing days	(2,044)	(0.7)	(4,812)	(0.9)
Impact of net assets sold ⁽¹⁾	1,177	0.4	944	0.2
Acquisitions and others	(45,822)	(16.2)	(69,679)	(13.4)
Consolidated organic growth	336	0.1	7,796	1.5

⁽¹⁾ Represents sales variance from customers belonging to net assets sold that was eliminated for consolidation purposes before June 1, 2015.

SECOND QUARTER

Excluding sales from net assets sold, sales increased by 14.6% compared to the same quarter in 2015. Sales from recent business acquisitions combined with the effect of an additional billing day in Canada and organic growth exceeded the impact of the declining Canadian dollar on its conversion to US dollar that penalized sales by \$5,692 or 2.0% and the impact of net assets sold.

Consolidated organic growth of 0.1% is derived from existing customer growth and net customer recruitment in the Paint and related products segment, which was offset by the Automotive products segment performance, mainly explained by the ongoing difficult economic conditions prevailing in the Prairies.

SIX-MONTH PERIOD

Excluding sales from net assets sold, sales increased by 12.9% compared to the same period in 2015. Sales from recent business acquisitions combined with organic growth and the effect of an additional billing day exceeded the impact of the declining Canadian dollar on its conversion to US dollar that penalized sales by \$14,272 or 2.7% and the impact of net assets sold.

Consolidated organic growth of 1.5% is also derived from the same factors as those mentioned in the quarter.

GROSS MARGIN

	Second quarter		Six-month period	
	2016	2015	2016	2015
Gross margin	96,090	122,848	176,154	246,602
<i>In % of sales</i>	29.7%	30.1%	30.0%	30.1%

SECOND QUARTER

SIX-MONTH PERIOD

The 0.4% decrease in gross margin, in percentage of sales, compared to the same quarter in 2015, is mainly explained by the impact of the sale of net assets, which had a higher gross margin in percentage of sales than the remaining operations due to a different mix of stores and distribution centers, as well as a different revenue mix in the Paint and related products segment.

Accretive business acquisitions in both segments and improved buying conditions in the Paint and related products segment partially offset the impact mentioned above.

The 0.1% decrease in gross margin, in percentage of sales, compared to the same period in 2015, reflects the same factors as those mentioned in the quarter.

EMPLOYEE BENEFITS

	Second quarter		Six-month period	
	2016	2015	2016	2015
Employee benefits	45,875	62,532	85,584	132,738
<i>In % of sales</i>	14.2%	15.3%	14.6%	16.2%

SECOND QUARTER

SIX-MONTH PERIOD

Employee benefits, in percentage of sales, improved by 1.1% compared to the same quarter in 2015, mainly in relation to the sale of the net assets, partially compensated by additional payroll required in relation to the new business model based on a sales culture and a corporate stores strategy in the Automotive product segment as well as a productivity loss due to lower organic sales. In addition, higher stock-based compensation expenses were incurred due to stock price variations and performance factors.

Employee benefits, in percentage of sales, improved by 1.6% compared to the same period in 2015, for the same factors as those mentioned in the quarter, except that lower stock-based compensation expenses were incurred in relation to the stock price variation as well as to a lower number of outstanding options and performance share units ("PSUs").

OTHER OPERATING EXPENSES

	Second quarter		Six-month period	
	2016	2015	2016	2015
Other operating expenses	20,476	29,467	39,128	66,252
<i>In % of sales</i>	6.3%	7.2%	6.7%	8.1%

SECOND QUARTER

SIX-MONTH PERIOD

Other operating expenses, in percentage of sales, decreased by 0.9% compared to the same quarter in 2015. This improvement is mainly related to the sale of net assets, which had higher expenses in percentage of sales than the remaining operations and was partially offset by:

- Negative synergies following the sale of net assets, predominantly related to the enterprise resource planning system and its maintenance;
- Higher operating expenses, in percentage of sales, essentially related to acquired businesses, a temporary situation until the completion of integrations and synergies; and
- Acquisitions and integration related costs.

Other operating expenses, in percentage of sales, decreased by 1.4% compared to the same period in 2015, for the same factors as those mentioned in the quarter.

RESTRUCTURING AND OTHER CHARGES

	Second quarter		Six-month period	
	2016	2015	2016	2015
Restructuring and other charges	-	(1,730)	-	3,296

The charges in 2015 comprise a reversal of \$2,906 related to the Action Plan implemented on July 11, 2013 and having ceased upon the closing of the sale of net assets, partially offset by additional restructuring and other charges of \$1,176 (\$6,202 for the six-month period) in relation to the rightsizing of the corporate operations for severance, moving costs and onerous contracts, following the disposal of the net assets.

(Refer to note 4 in the interim consolidated financial statements for further details.)

IMPAIRMENT AND TRANSACTION CHARGES RELATED TO THE SALE OF NET ASSETS

	Second quarter		Six-month period	
	2016	2015	2016	2015
Impairment and transaction charges related to the sale of net assets	-	13,544	-	147,546

The charges in 2015 are related to the sale of substantially all the assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. During the second quarter, the Corporation recorded additional impairment of intangible assets (mainly software and customer relationships) for an amount of \$4,235 (\$65,398 for the six-month period), and transaction charges related to the sale of net assets of \$9,309 (\$24,433 for the six-month period). The Corporation has also recorded impairment of a portion of the goodwill for an amount of \$57,715 during the first quarter.

EBITDA

	Second quarter			Six-month period		
	2016	2015	%	2016	2015	%
Net earnings (loss)	16,806	12,373		28,289	(69,909)	
Income tax expense (recovery)	7,608	1,381		14,497	(44,730)	
Equity loss (income)	-	15		-	(110)	
Depreciation and amortization	3,788	2,879		6,622	6,861	
Finance costs, net	1,537	2,387		2,034	4,658	
EBITDA	29,739	19,035		51,442	(103,230)	
Restructuring and other charges	-	(1,730)		-	3,296	
Impairment and transaction charges related to the sale of net assets	-	13,544		-	147,546	
Expenses related to the network optimization and to the closure and disposal of stores ⁽¹⁾	-	202		-	2,930	
Adjusted EBITDA	29,739	31,051	(4.2)	51,442	50,542	1.8
<i>Adjusted EBITDA margin</i>	9.2%	7.6%		8.8%	6.2%	

⁽¹⁾ Consist primarily of handling and freight expenses required to relocate inventory.

SECOND QUARTER	SIX-MONTH PERIOD
EBITDA margin (compared to an adjusted EBITDA margin last year) enhancement of 1.6% is a combination of:	EBITDA margin enhancement of 2.6% (compared to an adjusted EBITDA margin last year) is essentially resulting from the same factors as those aforementioned in the quarter, except for lower stock-based compensation expenses, which also contributed to the EBITDA improvement.
<ul style="list-style-type: none"> - The sale of net assets, which had a lower EBITDA margin than the ongoing operations; - Accretive business acquisitions; and - Ongoing buying conditions improvement in the Paint and related products segment. 	
These factors have been partly offset by negative synergies following the sale of net assets, acquisitions and integration related costs as well as stock-based compensation expenses.	

FINANCE COSTS, NET

	Second quarter		Six-month period	
	2016	2015	2016	2015
Finance costs, net	1,537	2,387	2,034	4,658

SECOND QUARTER

SIX-MONTH PERIOD

The decrease in finance costs compared to the same quarter in 2015 is mainly attributable to the termination of the swap agreements during the second quarter of 2015.

The decrease in finance costs compared to the same period in 2015 is mainly explained by:

- A lower average debt;
- The termination of the swap agreements during the second quarter of 2015; and
- The redemption of the convertible debentures for cancellation on February 1, 2015.

(Refer to note 5 in the interim consolidated financial statements for further details.)

DEPRECIATION AND AMORTIZATION

	Second quarter		Six-month period	
	2016	2015	2016	2015
Depreciation and amortization	3,788	2,879	6,622	6,861

SECOND QUARTER

SIX-MONTH PERIOD

The increase in depreciation and amortization compared to the same quarter in 2015 is principally related to the recent business acquisitions, notably for intangible assets.

The decrease in depreciation and amortization compared to the same period of 2015 is mainly attributable to the sale of net assets, partially offset by recent business acquisitions.

(Refer to note 5 in the interim consolidated financial statements for further details.)

INCOME TAX EXPENSES (RECOVERY)

	Second quarter		Six-month period	
	2016	2015	2016	2015
Income tax expenses (recovery)	7,608	1,381	14,497	(44,730)
<i>Income tax rate</i>	31.16%	10.04%	33.88%	39.02%

SECOND QUARTER

SIX-MONTH PERIOD

The variation compared to the same quarter in 2015 is mainly attributable to the impairment and transaction charges related to the sale of net assets in 2015, different geographic earnings before income taxes in 2016, and lower tax benefits from the financing structure in 2016 following the reduction of debt.

The variation compared to the same period of 2015 reflects essentially the same factors as those mentioned in the quarter.

EARNINGS AND EARNINGS PER SHARE

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

	Second quarter			Six-month period		
	2016	2015	%	2016	2015	%
Net earnings (loss) attributable to shareholders, as reported	16,806	12,373		28,289	(69,909)	
Restructuring and other charges, net of taxes	-	(1,109)		-	2,559	
Impairment and transaction charges related to the sale of net assets, net of taxes	-	8,911		-	95,587	
Expenses related to the network optimization and to the closure and disposal of stores, net of taxes	-	(221)		-	1,750	
Adjusted earnings	16,806	19,954	(15.8)	28,289	29,987	(5.7)
Earnings (loss) per share attributable to shareholders, as reported	0.40	0.29		0.66	(1.64)	
Restructuring and other charges, net of taxes	-	(0.03)		-	0.06	
Impairment and transaction charges related to the sale of net assets, net of taxes	-	0.21		-	2.24	
Expenses related to the network optimization and to the closure and disposal of stores, net of taxes	-	-		-	0.04	
Adjusted earnings per share	0.40	0.47	(14.9)	0.66	0.70	(5.7)

The effect of the declining Canadian dollar on its conversion to US dollar was \$0.01 on earnings per share for the quarter compared to the same period of 2015, while the effect for the six-month period was \$0.01 compared to the same period last year.

CONSOLIDATED QUARTERLY OPERATING RESULTS

The Corporation records earnings in each quarter. Historically, the Corporation's sales are typically stronger during the second and third quarters compared to the first and fourth quarters. However, it should be noted that in specific quarters, net earnings were impacted by non-recurring items.

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

	2016		2015				2014	
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter
Sales								
United States ⁽¹⁾	196,477	173,413	153,558	162,040	281,227	321,253	311,467	339,501
Canada	127,281	90,617	105,663	114,189	127,072	90,432	115,717	125,907
	323,758	264,030	259,221	276,229	408,299	411,685	427,184	465,408
EBITDA	29,739	21,703	23,970	25,938	19,035	(122,265)	27,267	29,906
Adjusted EBITDA	29,739	21,703	20,023	26,038	31,051	19,491	27,866	31,434
<i>Adjusted EBITDA margin</i>	9.2%	8.2%	7.7%	9.4%	7.6%	4.7%	6.5%	6.8%
Restructuring and other charges ⁽²⁾	-	-	1,932	100	(1,730)	5,026	(1,931)	-
Impairment and transaction charges related to the sale of net assets ⁽³⁾	-	-	(2,578)	-	13,544	134,002	-	-
Net earnings (loss)	16,806	11,483	13,941	15,747	12,373	(82,282)	11,363	14,842
Adjusted earnings	16,806	11,483	11,044	15,808	19,954	10,033	13,323	15,755
Basic earnings (loss) per share ⁽⁴⁾	0.40	0.27	0.33	0.37	0.29	(1.94)	0.27	0.35
Adjusted basic earnings per share ⁽⁴⁾	0.40	0.27	0.26	0.37	0.47	0.24	0.31	0.37
Diluted earnings (loss) per share ⁽⁴⁾	0.40	0.27	0.32	0.36	0.29	(1.94)	0.27	0.34
<i>Dividends declared per share (C\$)</i> ⁽⁴⁾	0.085	0.080	0.080	0.080	0.080	0.075	0.075	0.075
<i>Average exchange rate for earnings</i>	0.78:\$1	0.73:\$1	0.75:\$1	0.76:\$1	0.81:\$1	0.81:\$1	0.88:\$1	0.92:\$1

⁽¹⁾ Impacted by the sale of net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. on June 1, 2015.

⁽²⁾ Restructuring and other charges reversal of 2015 is attributable to the Action Plan implemented on July 11, 2013 which ceased upon the sale of net assets in June 2015. In 2015, the Corporation incurred restructuring and other charges to rightsize the corporate operations and relocate certain locations.

⁽³⁾ The charges include the write-off of intangible assets (mainly software and customer relationships), the impairment of a portion of the goodwill and the transaction charges in relation to the sale of net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. on June 1, 2015.

⁽⁴⁾ 2-for-1 stock split of common shares was effected on May 11, 2016 for shareholders of record as at May 6, 2016. To reflect the effect of the stock split, information pertaining to the number of common shares has been retroactively restated.

ANALYSIS OF RESULTS BY SEGMENT

SEGMENTED INFORMATION

The Corporation has three reportable segments:

Paint and related products: distribution of automotive refinish and industrial paint and related products representing FinishMaster, Inc. in the US market.

Automotive products: distribution of automotive aftermarket parts, including refinish and industrial paint and related products, through Canadian networks (US automotive aftermarket parts network was included in 2015 until the closing of the sale of net assets on June 1, 2015).

Corporate and others: head office expenses and other expenses mainly related to the financing structure.

The profitability measure employed by the Corporation for assessing performance is EBITDA.

OPERATING RESULTS – PAINT AND RELATED PRODUCTS

	Second quarter		Six-month period	
	2016	2015	2016	2015
Sales before intersegment sales	196,477	157,656	369,890	308,303
Intersegment sales	-	(2,303)	-	(5,090)
Sales	196,477	155,353	369,890	303,213
		%		%
Sales variance	41,124	26.5	66,677	22.0
Number of billing days	-	0.0	(2,450)	(0.8)
Impact of net assets sold ⁽¹⁾	1,177	0.8	944	0.3
Acquisitions and others	(39,031)	(25.2)	(55,912)	(18.4)
Organic growth	3,270	2.1	9,259	3.1

⁽¹⁾ Represents sales variance from customers belonging to net assets sold that was eliminated for consolidation purposes before June 1, 2015.

SECOND QUARTER

The organic growth of 2.1%, compared to the same quarter in 2015, stems primarily from existing customer growth coupled with net customer recruitment.

SIX-MONTH PERIOD

The organic growth of 3.1%, compared to the same period in 2015, stems primarily from existing customer growth coupled with net customer recruitment.

	Second quarter			Six-month period		
	2016	2015	%	2016	2015	%
EBITDA	24,282	19,212		45,040	35,295	
Restructuring and other charges	-	340		-	340	
Adjusted EBITDA	24,282	19,552	24.2	45,040	35,635	26.4
<i>Adjusted EBITDA margin</i>	12.4%	12.6%		12.2%	11.8%	

SECOND QUARTER

The EBITDA margin decreased by 0.2%, compared to the same quarter in 2015.

Accretive business acquisitions and improved buying conditions were offset by an evolving revenue mix.

Acquisition and integration related costs are also affecting temporarily the EBITDA until the completion of integrations and synergies.

SIX-MONTH PERIOD

The EBITDA margin increased by 0.4%, compared to the same period in 2015. This enhancement is a result of:

- Improved buying conditions; and
- Accretive business acquisitions.

Evolving revenue mix as well as acquisition and integration related costs offset in part the elements aforementioned.

OPERATING RESULTS – AUTOMOTIVE PRODUCTS

	Second quarter		Six-month period	
	2016	2015	2016	2015
Sales	127,281	252,946	217,898	516,771
Sale from net assets sold	-	(125,874)	-	(299,267)
Sales net of sales from net assets sold	127,281	127,072	217,898	217,504
		%		%
Sales variance	209	0.2	394	0.2
Effect of declining Canadian dollar	5,692	4.5	14,272	6.6
Number of billing days	(2,044)	(1.6)	(2,362)	(1.1)
Acquisitions and others	(6,791)	(5.4)	(13,767)	(6.4)
Organic growth	(2,934)	(2.3)	(1,463)	(0.7)

SECOND QUARTER

Excluding the sales from the net assets sold, the sales increase was 0.2%, compared to the same quarter in 2015. Sales from recent business acquisitions combined with the effect of additional billing days exceeded the impact of the declining Canadian dollar on its conversion to US dollar of \$5,692 or 4.5% and the negative organic growth.

Customers' satisfaction and the corporate store strategy remain our focus resulting in positive corporate stores organic growth.

In 2015, sales in this segment had the benefit of price increases, a situation more specific to 2015, while 2016 performance was impacted mainly by the Prairies, where difficult economic conditions prevail in the oil and gas industry.

SIX-MONTH PERIOD

Excluding the sales from the net assets sold, the sales increase was 0.2%, compared to the same period in 2015. Sales from recent acquisitions combined with the effect of additional billing days exceeded the impact of the declining Canadian dollar on its conversion to US dollar of \$14,272 or 6.6% and the negative organic growth.

The negative organic growth is explained by the same factors as those aforementioned in the quarter.

	Second quarter			Six-month period		
	2016	2015	%	2016	2015	%
EBITDA	8,917	4,000		13,529	(126,056)	
Restructuring and other charges	-	(2,906)		-	(2,906)	
Impairment and transaction charges related to the sale of net assets	-	12,735		-	146,737	
Expenses related to the network optimization and to the closure and disposal of stores ⁽¹⁾	-	202		-	2,930	
Adjusted EBITDA	8,917	14,031	(36.5)	13,529	20,705	(34.7)
<i>Adjusted EBITDA margin</i>	7.0%	5.5%		6.2%	4.0%	

⁽¹⁾ Consist primarily of handling and freight expenses required to relocate inventory.

SECOND QUARTER

SIX-MONTH PERIOD

The adjusted EBITDA margin increase of 1.5%, compared to the same quarter in 2015, is mainly related to:

- The 2015 weaker performance from the operations that were eventually sold on June 1, 2015; and
- Accretive business acquisitions.

These enhancements were offset by:

- Additional costs required in relation to the new business model based on a customer-centric sales culture and a corporate stores strategy;
- Lower strategic buying than in 2015; and
- Acquisitions and integration related costs.

The adjusted EBITDA margin increase of 2.2% compared to the same period of 2015 reflects essentially the same factors as those mentioned in the quarter.

OPERATING RESULTS – CORPORATE AND OTHERS

	Second quarter			Six-month period		
	2016	2015	%	2016	2015	%
EBITDA	(3,460)	(4,177)		(7,127)	(12,469)	
Restructuring and other charges	-	836		-	5,862	
Impairment and transaction charges related to the sale of net assets	-	809		-	809	
Adjusted EBITDA	(3,460)	(2,532)	(36.7)	(7,127)	(5,798)	(22.9)

SECOND QUARTER

SIX-MONTH PERIOD

The variation is explained by negative synergies following the sale of net assets, including the enterprise resource planning system and its maintenance as well as higher stock-based compensation in relation to the stock price variation and performance factors.

Those expenses were partially compensated by the impact of the declining Canadian dollar on its conversion to US dollar on its operating expenses.

The variation compared to the same period of 2015 mainly reflects the same factors as those mentioned in the quarter, except for stock-based compensation expenses which were lower than the same period last year due to the stock price variation and to a lower number of outstanding options and performance share units.

CASH FLOWS

CASH FROM OPERATING ACTIVITIES

	Second quarter		Six-month period	
	2016	2015	2016	2015
Cash flows from operating activities	38,139	39,501	30,498	19,893

SECOND QUARTER

Operating activities generated lower cash inflows compared to the same quarter in 2015. The decrease is mainly explained by additional receivables from the sales generated by the recent acquisitions, which was partially compensated by income tax refunds during the quarter.

SIX-MONTH PERIOD

Operating activities generated higher cash inflows of \$10,605 or 53.3% compared to the same period last year. This variance is explained by:

- A decrease in inventory during the first quarter, as a result of the operational performance, while last year, inventory was built up to improve fill rates as well as to minimize the impact of expected pricing increases;
- Income tax refunds; and
- Lower interest paid in relation to an average lower debt level.

These impacts on cash flows were partially offset by larger payments, in 2016, under the vendor financing program, of which, an amount of \$13,563 was related to the sold operations.

CASH FROM INVESTING ACTIVITIES

	Second quarter		Six-month period	
	2016	2015	2016	2015
Cash flows from (used in) investing activities	(112,887)	314,929	(171,018)	296,362

SECOND QUARTER

Investing activities required more cash outflows compared to the same quarter in 2015. The variance is explained by:

- Net proceeds of \$323,604 received in 2015 in relation to the sale of net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc.; and
- Additional cash outflows required in 2016 to support the strategy for business acquisitions.

SIX-MONTH PERIOD

Investing activities required more cash outflows compared to the same period of 2015, the variance refers to the aforementioned factors in the quarter.

CASH FROM FINANCING ACTIVITIES

	Second quarter		Six-month period	
	2016	2015	2016	2015
Cash flows from (used in) financing activities	77,869	(276,895)	60,967	(237,414)

SECOND QUARTER

Financing activities generated more cash inflows compared to the same quarter in 2015. This variance is explained by:

- Cash flows used, in 2015, to reimburse the credit facility following the sale of net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc.; and
- Increased usage of the credit facility in 2016 to support the strategy for business acquisitions.

Those impacts on cash flows were partially compensated by cash flows used for additional share repurchases in 2016 and lower share issuance related to the exercise of stock options compared to the same period in 2015.

SIX-MONTH PERIOD

Financing activities generated more cash inflows compared to the same period in 2015. The variance is mainly explained by:

- The reimbursement of the credit facility in 2015 following the sale of net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc.;
- The cash flows required, in 2015, to redeem the convertible debentures for cancellation; and
- Usage of the credit facility in 2016 to support the strategy for business acquisitions and share repurchases.

FREE CASH FLOWS

	Second quarter		Six-month period	
	2016	2015	2016	2015
Cash flows from operating activities	38,139	39,501	30,498	19,893
Changes in working capital	(5,307)	(9,162)	23,253	26,025
	32,832	30,339	53,751	45,918
Equity income	-	15	-	(110)
Acquisitions of property and equipment	(1,832)	(4,327)	(3,431)	(9,368)
Difference between amounts paid for post-employment benefits and current year expenses	(201)	(141)	(93)	(328)
Free cash flows	30,799	25,886	50,227	36,112

SECOND QUARTER

Higher free cash flows were generated mainly from the combination of lower capital expenditures in comparison with the same quarter in 2015 and income tax refunds during the quarter.

SIX-MONTH PERIOD

Higher free cash flows were generated compared to the same period in 2015 due to lower capital expenditures, lower interest paid in relation to an average lower debt level, as well as income tax refunds during the current period.

FINANCING

SOURCES OF FINANCING

The Corporation is diversifying its sources of financing in order to manage and mitigate liquidity risk.

CREDIT FACILITIES

The Corporation has access for its needs to a \$400,000 unsecured long-term revolving credit facility as well as a \$20,000 letter of credit facility both with extended maturity date of June 30, 2020 following their amendments during the quarter.

As at June 30, 2016, the unused portion amounted to \$234,000 (\$321,000 as at December 31, 2015). *(Refer to note 10 in the interim consolidated financial statements for further details.)*

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 institutions according to the new extended payment term agreements with the suppliers.

As at June 30, 2016, Uni-Select benefited from additional deferred payments of accounts payable in the amount of \$67,363 and used \$123,457 of the program (\$90,038 and \$148,417 respectively as at December 31, 2015). The authorized limit with the financial institutions is \$222,500. These amounts are presented in "Trade and other payables" in the consolidated statements of financial position. This program is available upon request and may be modified by either party.

CAPITAL STRUCTURE

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

LONG-TERM FINANCIAL POLICIES AND GUIDELINES

The strategy of the Corporation is to monitor the following ratios to ensure flexibility in the capital structure:

- Total net debt to total net debt and total equity;
- Long-term debt to total equity ratio;
- Funded debt to adjusted EBITDA ratio;
- Adjusted return on average total equity; and
- Dividend payout ratio based on the adjusted earnings of the previous year converted in Canadian dollars.

	June 30,	Dec. 31,
	2016	2015
Components of debt ratios:		
Long-term debt	178,673	90,344
Total net debt	166,287	-
Total equity	450,230	436,978
Debt ratios⁽¹⁾:		
<i>Total net debt to total net debt and total equity ratio</i>	27.0%	N/A
<i>Long-term debt to total equity ratio</i>	39.7%	20.7%
<i>Funded debt to adjusted EBITDA ratio</i>	1.64	N/A
<i>Adjusted return on average total equity</i>	12.4%	12.0%
<i>Dividend payout ratio</i>	19.1%	21.6%

⁽¹⁾ These ratios are not required for banking commitments but represent the ones that the Corporation considers pertinent to monitor and to ensure flexibility in the capital structure.

The Corporation's Management continuously monitors its working capital items to improve the cash conversion cycle.

The Corporation was in a net cash position as at December 2015, explaining the variances of the total net debt to total net debt and total equity ratio and the funded debt to adjusted EBITDA ratio.

The variance of the long-term debt to total equity ratio is attributable to the long-term debt increase, partially compensated by an increase of the total equity.

The adjusted return on average total equity increase is mainly explained by a reduced average total equity resulting from the impairment and transaction charges in relation to the sale of net assets recorded in 2015.

BANK COVENANTS

For purposes of compliance, the Corporation regularly monitors the requirements of its bank covenants to ensure they are met. As at June 30, 2016, the Corporation met all the requirements.

DIVIDENDS ⁽¹⁾

On April 27, 2016, the Corporation declared the second quarterly dividend of 2016 of C\$0.085, paid on July 19, 2016 to shareholders of record as at June 30, 2016.

On July 27, 2016, the Corporation declared the third quarterly dividend of 2016 of C\$0.085, payable on October 18, 2016 to shareholders of record as at September 30, 2016.

These dividends are eligible dividends for income tax purposes.

INFORMATION ON CAPITAL STOCK ⁽¹⁾

At June 30, 2016, 42,231,178 shares of the Corporation were outstanding.

Repurchase and cancellation of shares

During the six-month period ended June 30, 2016, 1,010,390 common shares (nil for 2015) were repurchased in connection with the normal course issuer bid announced in August 2015, for a cash consideration of \$21,681 including a share repurchase premium of \$1,997 applied as a reduction of retained earnings.

Issuance of common shares

During the six-month period ended June 30, 2016, the Corporation issued 105,810 (795,870 for 2015) common shares at the exercise of stock options for a cash consideration of \$1,090 (\$8,546 for 2015). The weighted average price of the exercise of stock options was C\$13.34 for the six-month period (C\$13.28 for 2015).

STOCK-BASED COMPENSATION ⁽¹⁾

Common share stock option plan for management employees and officers

For the six-month period ended June 30, 2016, 126,960 options were granted to management employees and officers of the Corporation (514,678 for 2015), with an average exercise price of C\$33.94 (C\$15.32 in 2015). During the period, 105,810 options were exercised (795,870 for 2015), no options were forfeited (90,454 for 2015) and no options expired (same for 2015). As at June 30, 2016, options granted for the issuance of 392,778 common shares (656,076 as at June 30, 2015) were outstanding under the Corporation's stock option plan. For the quarter and six-month period ended June 30, 2016, compensation expense of \$129 and \$405 (\$114 and \$667 respectively for 2015) was recorded in the "Net earnings (loss)", with the corresponding amounts recorded in "Contributed surplus". *(Refer to note 8 in the interim consolidated financial statements for further details.)*

Deferred share unit plan

For the six-month period ended June 30, 2016, the Corporation granted 31,991 DSUs (41,116 DSUs for 2015) and redeemed 84,323 DSUs (nil for 2015). Compensation expense of \$833 and \$492 (\$250 and \$1,616 in 2015) was recorded during the quarter and the six-month period, and 129,098 DSUs were outstanding as at June 30, 2016 (202,308 as at June 30, 2015) for which the compensation liability was \$3,250 (\$4,476 as at December 31, 2015). *(Refer to note 8 in the interim consolidated financial statements for further details.)*

Performance share unit plan

For the six-month period ended June 30, 2016, the Corporation granted 76,282 PSUs (223,230 PSUs for 2015) and redeemed 98,684 PSUs (nil for 2015). Compensation expense of \$752 and \$1,433 was recorded during the quarter and the six-month period (\$179 and \$1,200 in 2015), and 216,036 PSUs were outstanding as at June 30, 2016 (389,440 PSUs as at June 30, 2015) for which the compensation liability was \$3,144 (\$3,009 as at December 31, 2015). *(Refer to note 8 in the interim consolidated financial statements for further details.)*

⁽¹⁾ During the second quarter of 2016, the Corporation carried out a 2-for-1 stock split of its common shares. To reflect the effect of the stock split, information pertaining to the number of common shares and stock-based compensation units has been retroactively restated.

FINANCIAL POSITION

During the period, the financial position, when compared to December 31, 2015, has been impacted by business acquisitions and the declining Canadian dollar.

The following table shows an analysis of selected items from the consolidated statements of financial position:

	June 30, 2016	Dec. 31, 2015	Impact of business acquisitions	Impact on conversion C\$/US\$	Net variance ⁽¹⁾
Cash	12,386	91,432	(66,638)	507	(12,915)
Cash held in escrow	18,279	3,790	14,489	-	-
Trade and other receivables	155,933	123,612	13,797	5,008	13,516
Inventory	290,859	269,900	29,337	8,223	(16,601)
Deferred tax assets, net	33,768	52,479	-	889	(19,600)
Trade and other payables	243,240	267,995	1,553	5,989	(32,297)
Balance of purchase price, net	28,785	6,517	24,190	75	(1,997)
Investments and advances to merchant members	22,166	14,082	8,997	181	(1,094)
Property and equipment	35,246	30,304	3,259	1,020	663
Intangible assets	90,340	65,355	25,857	963	(1,835)
Goodwill	244,862	157,270	84,881	2,711	-
Long-term debt (including short-term portion)	178,673	90,344	88,236	106	(13)

⁽¹⁾ Explanations for net variance:

Cash: Related to large payments under the vendor financing program as well as share repurchases that were partially compensated by the free cash flows generated by the operations.

Trade and other receivables: Increase is mainly related to seasonality.

Inventory: 2015 year-end inventory was unusually higher due to strategic purchases to maximize buying conditions. During the period, these special buys were sold and lower inventory purchases were required. This situation more than offset the usual seasonality requiring a higher level of inventory.

Deferred tax assets, net: Increased pre-tax earnings allowing the recovery of deferred tax losses.

Trade and other payables: Mainly attributable to payments under the vendor financing program as well as annual payment of rebates to members.

RISK MANAGEMENT

In the normal course of business, the Corporation is exposed to a variety of risks that may have a material impact on its business activities, operating results, cash flows and financial position. The Corporation continuously maintains and updates its system of analysis and controls on operational, strategic and financial risks to manage and implement activities with the objective of mitigating the main risks mentioned in the 2015 Annual Report.

No significant change occurred during the six-month period of 2016 with respect to these risks.

CHANGE IN ACCOUNTING POLICIES

FUTURE ACCOUNTING CHANGES

Information on new standards, amendments and interpretations that are expected to be relevant to the Corporation's interim consolidated financial statements is provided in the Corporation's audited consolidated financial statements for the year ended December 31, 2015. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Corporation's interim consolidated financial statements.

EXCHANGE RATE DATA

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

	Second quarter		Six-month period	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Average for the period				
For statement of earnings	0.78	0.81	0.75	0.81
			June 30, 2016	Dec. 31, 2015
Period end				
For statement of financial position			0.77	0.72

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

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

Management plans and performs an audit of the Corporation's internal controls related to the Canadian Securities Administrators' National Instrument 52-109 "Certification of Disclosure in Issuer's Annual and Interim Filings" (NI 52-109).

DISCLOSURE CONTROLS AND PROCEDURES

Uni-Select has pursued its evaluation of disclosure controls and procedures in accordance with the NI 52-109 guidelines. As at June 30, 2016, the President and Chief Executive Officer and the Chief Financial Officer concluded that the Corporation's disclosure controls and procedures are properly designed and effective.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Uni-Select has continued its evaluation of the effectiveness of internal controls over financial reporting as at June 30, 2016, in accordance with the NI 52-109 guidelines. This evaluation enabled the President and Chief Executive Officer and the Chief Financial Officer to conclude that internal controls over financial reporting were designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

During the six-month period ended June 30, 2016, no change in the Corporation's internal controls over financial reporting occurred that materially affected, or is reasonably likely to materially affect, the Corporation's internal controls over financial reporting.

OUTLOOK

In the coming quarters, Uni-Select will focus on strengthening its leadership positions by accelerating profitable growth in both core businesses.

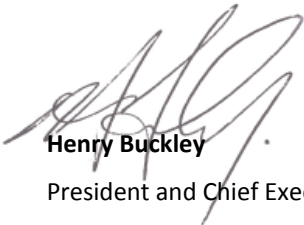
The Corporation will continue to foster a customer-centric culture providing superior customer experience as well as a heightened sales culture. It will stimulate organic growth by leveraging business opportunities such as reinforcing customer loyalty by notably maintaining a high fill rate, recruiting competitive customers, adding sales and marketing initiatives and enhancing its national and private label products offering. The 2016 unveiled new brand strategy for the Automotive products segment, **Bumper to Bumper - CANADA'S PARTS PEOPLE**, is the foundation of the corporate store strategy in Canada.

It will also accelerate its growth by selectively seizing accretive acquisition opportunities in both markets to fill out geographic coverage as well as building business density in larger key markets, while ensuring their successful integration. The Corporation currently has no plan to enter new lines of business.

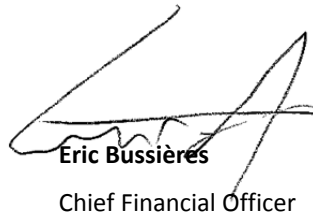
Uni-Select will continue to optimize its operations for superior productivity by pursuing the improvement of its replenishment processes and warehouse workflow as well as inaugurating a new distribution centre on the US East Coast for FinishMaster.

The Corporation (including recently acquired businesses) is expected to generate, in 2016, sales in the range of \$1.200 billion and \$1.225 billion, using an expected exchange rate of 0.76 to the US dollar, and EBITDA margin in the range of 8.25% to 9.00%.

Management is confident that these profitable growth initiatives will contribute to position Uni-Select as an undisputed leader in its business sectors.

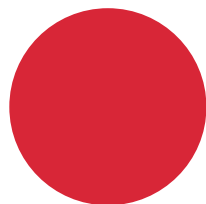


Henry Buckley
President and Chief Executive Officer



Eric Bussières
Chief Financial Officer

Approved by the Board of Directors on July 27, 2016.



INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 (unaudited)

Consolidated statements of earnings	27
Consolidated statements of comprehensive income	28
Consolidated statements of changes in equity	29
Consolidated statements of cash flows	30
Consolidated statements of financial position	31
Notes to consolidated financial statements	32

Notice related to the review of the interim consolidated financial statements

The interim consolidated financial statements for the quarter and six-month period ended June 30, 2016 have not been reviewed by the independent auditors of the Corporation.

CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands of US dollars, except per share amounts, unaudited)	Note	Quarter ended June 30,		Six-month period ended June 30,	
		2016	2015	2016	2015
Sales		323,758	408,299	587,788	819,984
Purchases, net of changes in inventories		227,668	285,451	411,634	573,382
Gross margin		96,090	122,848	176,154	246,602
Employee benefits		45,875	62,532	85,584	132,738
Other operating expenses		20,476	29,467	39,128	66,252
Restructuring and other charges	4	-	(1,730)	-	3,296
Impairment and transaction charges related to the sale of net assets		-	13,544	-	147,546
Earnings (loss) before finance costs, depreciation and amortization, equity income and income taxes		29,739	19,035	51,442	(103,230)
Finance costs, net	5	1,537	2,387	2,034	4,658
Depreciation and amortization	5	3,788	2,879	6,622	6,861
Earnings (loss) before equity income and income taxes		24,414	13,769	42,786	(114,749)
Equity income (loss)		-	(15)	-	110
Earnings (loss) before income taxes		24,414	13,754	42,786	(114,639)
Income tax expense (recovery)	5	7,608	1,381	14,497	(44,730)
Net earnings (loss) attributable to shareholders		16,806	12,373	28,289	(69,909)
Earnings (loss) per share (basic and diluted)	6	0.40	0.29	0.66	(1.64)
Weighted average number of common shares outstanding (in thousands)	6				
Basic		42,277	42,651	42,647	42,545
Diluted		42,541	42,867	42,904	42,545

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands of US dollars, unaudited)	Quarter ended June 30,		Six-month period ended June 30,	
	2016	2015	2016	2015
Net earnings (loss)	16,806	12,373	28,289	(69,909)
Other comprehensive income (loss)				
Items that will subsequently be reclassified to net earnings (loss):				
Effective portion of changes in the fair value of cash flow hedges (net of income tax of \$8 and \$29 in 2015 for the quarter and the six-month period)	-	(22)	-	(78)
Net change in the fair value of derivative financial instruments designated as cash flow hedges transferred to earnings (net of income tax of \$123 and \$167 in 2015 for the quarter and the six-month period)	-	332	-	452
Unrealized exchange gains (losses) on the translation of financial statements to the presentation currency	(271)	(761)	12,032	1,755
Unrealized exchange gains (losses) on the translation of debt designated as a hedge of net investments in foreign operations	-	3,889	-	(10,257)
	(271)	3,438	12,032	(8,128)
Items that will not subsequently be reclassified to net earnings (loss):				
Remeasurements of long-term employee benefit obligations (net of income tax of \$750 and \$598 for the quarter and the six-month period (\$834 and \$599 in 2015))	(1,954)	2,256	(1,558)	1,617
Total other comprehensive income (loss)	(2,225)	5,694	10,474	(6,511)
Comprehensive income (loss) attributable to shareholders	14,581	18,067	38,763	(76,420)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of US dollars, unaudited)	Note	Attributable to shareholders					Total equity
		Share capital	Contributed surplus	Equity component of the convertible debentures	Retained earnings	Accumulated other comprehensive income (loss)	
Balance, December 31, 2014		87,238	2,424	1,687	428,497	(6,850)	512,996
Net loss		-	-	-	(69,909)	-	(69,909)
Other comprehensive income (loss)		-	-	-	1,617	(8,128)	(6,511)
Comprehensive loss		-	-	-	(68,292)	(8,128)	(76,420)
Contributions by and distributions to shareholders:							
Issuance of shares	11	8,546	-	-	-	-	8,546
Convertible debentures redemption		-	-	(1,687)	1,687	-	-
Dividends		-	-	-	(5,343)	-	(5,343)
Stock-based compensation	8	-	667	-	-	-	667
		8,546	667	(1,687)	(3,656)	-	3,870
Balance, June 30, 2015		95,784	3,091	-	356,549	(14,978)	440,446
Balance, December 31, 2015		97,864	3,588	-	371,997	(36,471)	436,978
Net earnings		-	-	-	28,289	-	28,289
Other comprehensive income (loss)		-	-	-	(1,558)	12,032	10,474
Comprehensive income		-	-	-	26,731	12,032	38,763
Contributions by and distributions to shareholders:							
Repurchase of shares	11	(1,997)	-	-	(19,684)	-	(21,681)
Issuance of shares	11	1,090	-	-	-	-	1,090
Dividends		-	-	-	(5,325)	-	(5,325)
Stock-based compensation	8	-	405	-	-	-	405
		(907)	405	-	(25,009)	-	(25,511)
Balance, June 30, 2016		96,957	3,993	-	373,719	(24,439)	450,230

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of US dollars, unaudited)	Note	Quarter ended June 30,		Six-month period ended June 30,	
		2016	2015	2016	2015
OPERATING ACTIVITIES					
Net earnings (loss)		16,806	12,373	28,289	(69,909)
Non-cash items:					
Restructuring and other charges	4	-	(1,730)	-	3,296
Impairment and transaction charges related to the sale of net assets		-	13,544	-	147,546
Finance costs, net	5	1,537	2,387	2,034	4,658
Depreciation and amortization	5	3,788	2,879	6,622	6,861
Income tax expense (recovery)	5	7,608	1,381	14,497	(44,730)
Amortization of incentives granted to customers		3,486	2,818	6,636	5,757
Other non-cash items		103	1,222	(775)	4,057
Changes in working capital items		5,307	9,162	(23,253)	(26,025)
Interest paid		(1,162)	(1,826)	(1,436)	(4,544)
Income taxes recovery (paid)		666	(2,709)	(2,116)	(7,074)
Cash flows from operating activities		38,139	39,501	30,498	19,893
INVESTING ACTIVITIES					
Business acquisitions	7	(89,442)	(416)	(140,385)	(10,728)
Net cash proceeds from sale of net assets		-	323,604	-	323,604
Net balance of purchase price		(1,866)	(7)	(2,022)	(282)
Cash held in escrow	7	(13,641)	-	(14,489)	-
Advances to merchant members and incentives granted to customers		(5,247)	(3,258)	(9,812)	(6,454)
Reimbursement of advances to merchant members		436	988	909	2,109
Dividends received from equity investments		-	-	-	401
Net acquisitions of property and equipment		(1,841)	(4,305)	(3,439)	(9,330)
Acquisitions and development of intangible assets		(1,286)	(1,677)	(1,780)	(2,958)
Cash flows from (used in) investing activities		(112,887)	314,929	(171,018)	296,362
FINANCING ACTIVITIES					
Increase in long-term debt		111,050	11,493	120,733	96,425
Repayment of long-term debt		(22,206)	(294,346)	(33,835)	(295,453)
Convertible debenture redemption		-	-	-	(41,713)
Net increase (decrease) in merchant members' deposits in the guarantee fund		80	119	(303)	48
Repurchase of shares	11	(8,893)	-	(21,681)	-
Issuance of shares	11	497	8,447	1,090	8,546
Dividends paid		(2,659)	(2,608)	(5,037)	(5,267)
Cash flows from (used in) financing activities		77,869	(276,895)	60,967	(237,414)
Effects of fluctuations in exchange rates on cash		3	(381)	507	(421)
Net increase (decrease) in cash		3,124	77,154	(79,046)	78,420
Cash, beginning of period		9,262	1,373	91,432	107
Cash, end of period		12,386	78,527	12,386	78,527

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In thousands of US dollars, unaudited)	Note	June 30, 2016	Dec. 31, 2015
ASSETS			
Current assets:			
Cash		12,386	91,432
Cash held in escrow	7	18,279	3,790
Trade and other receivables		155,933	123,612
Income taxes receivable		19,684	11,053
Inventory		290,859	269,900
Prepaid expenses		8,347	12,671
Total current assets		505,488	512,458
Investments and advances to merchant members		22,166	14,082
Property and equipment		35,246	30,304
Intangible assets		90,340	65,355
Goodwill		244,862	157,270
Deferred tax assets		34,794	55,681
TOTAL ASSETS		932,896	835,150
LIABILITIES			
Current liabilities:			
Trade and other payables		243,240	267,995
Balance of purchase price, net		28,785	6,517
Provision for restructuring and other charges	4	2,399	3,983
Dividends payable		2,763	2,485
Current portion of long-term debt and merchant members' deposits in the guarantee fund		2,683	2,704
Total current liabilities		279,870	283,684
Long-term employee benefit obligations	8, 9	20,118	18,033
Long-term debt	10	176,065	87,722
Merchant members' deposits in the guarantee fund		5,587	5,531
Deferred tax liabilities		1,026	3,202
TOTAL LIABILITIES		482,666	398,172
EQUITY			
Share capital	11	96,957	97,864
Contributed surplus		3,993	3,588
Retained earnings		373,719	371,997
Accumulated other comprehensive loss		(24,439)	(36,471)
TOTAL EQUITY		450,230	436,978
TOTAL LIABILITIES AND EQUITY		932,896	835,150

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1 - GOVERNING STATUTE AND NATURE OF OPERATIONS

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

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

The Corporation’s shares are listed on the Toronto Stock Exchange (“TSX”) under the symbol UNS.

2 - BASIS OF PRESENTATION

Statement of compliance

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements. As permitted under IAS 34 “Interim Financial Reporting”, these interim consolidated financial statements constitute a condensed set of financial statements, as the Corporation does not present all the notes to financial statements included in its annual report. To avoid repetition of previously reported information, the Corporation deemed it unnecessary to include such information. These interim consolidated financial statements are intended to provide an update on the latest complete set of annual financial statements and should therefore be read in conjunction with the Corporation’s audited annual consolidated financial statements for the year ended December 31, 2015.

The significant accounting policies followed in these interim consolidated financial statements are the same as those applied in the audited annual consolidated financial statements of the Corporation for the year ended December 31, 2015, except for the changes in accounting policies as described in note 3. The Corporation has consistently applied the same accounting policies for all the periods presented.

The Board of Directors approved and authorized for issuance these interim consolidated financial statements on July 27, 2016.

Basis of measurement

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

Functional and presentation currency

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

Use of accounting estimates and judgments

The most significant uses of judgment, estimates and assumptions are described in the Corporation’s audited consolidated financial statements for the year ended December 31, 2015.

3 - FUTURE ACCOUNTING CHANGES

Information on new standards, amendments and interpretations that are expected to be relevant to the Corporation’s interim consolidated financial statements is provided in the Corporation’s audited consolidated financial statements for the year ended December 31, 2015. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Corporation’s interim consolidated financial statements.

4 - RESTRUCTURING AND OTHER CHARGES

In 2015, following the announcement of the agreement for the sale of substantially all the assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc., and in order to rightsize its corporate operations, the Corporation recognized restructuring and other charges for a total of \$8,234. Those restructuring and other charges consisted of severance, onerous contracts and other charges to relocate certain locations. The variations in the provision for restructuring and other charges are detailed as follows:

	Six-month period ended June 30,	Year ended Dec. 31,
	2016	2015
Balance, beginning of period	3,983	6,724
Restructuring and other charges recognized during the period	-	8,234
Provision used during the period	(1,750)	(5,791)
Change in estimate	-	(2,906)
Sale of net assets	-	(1,902)
Effects of fluctuations in exchange rates	166	(376)
Balance, end of period	2,399	3,983

5 - INFORMATION INCLUDED IN CONSOLIDATED EARNINGS

Finance costs, net

	Quarter ended June 30,		Six-month period ended June 30,	
	2016	2015	2016	2015
Interest on long-term debt	1,292	1,264	1,625	2,736
Interest and accreted interest on convertible debentures	-	-	-	252
Amortization of financing costs	117	133	241	322
Net interest expense on the long-term employee benefit obligations	130	230	252	458
Interest on merchant members' deposits in the guarantee fund	26	30	50	60
Reclassification of realized losses on derivative financial instruments designated as cash flow hedges to net earnings, and cancellation of swap	-	807	-	971
Total finance costs	1,565	2,464	2,168	4,799
Interest income from merchant members and others	(28)	(77)	(134)	(141)
Total finance costs, net	1,537	2,387	2,034	4,658

Depreciation and amortization

	Quarter ended June 30,		Six-month period ended June 30,	
	2016	2015	2016	2015
Depreciation of property and equipment	1,602	1,318	2,961	3,260
Amortization of intangible assets	2,186	1,561	3,661	3,601
Total depreciation and amortization	3,788	2,879	6,622	6,861

Income taxes

For the quarter and six-month period ended June 30, 2016, the income tax expense was \$7,608 and \$14,497 (tax expense of \$1,381 and tax recovery of \$44,730 respectively for 2015), and the corresponding tax rate was 31.16% and 33.88% (10.04% and 39.02% in 2015). The variation year-over-year is mainly attributable to the impairment and transaction charges related to the sale of net assets in 2015, different geographic "Earnings before income taxes" in 2016, and lower tax benefits from the financing structure in 2016 following the reduction of the debt.

6 - EARNINGS (LOSS) PER SHARE

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

	Note	Quarter ended June 30,		Six-month period ended June 30,	
		2016	2015	2016	2015
Net earnings (loss) attributable to shareholders considered for basic and diluted earnings (loss) per share		16,806	12,373	28,289	(69,909)
Weighted average number of common shares outstanding for basic earnings (loss) per share	11	42,277,081	42,650,578	42,647,044	42,545,180
Impact of the stock options ⁽¹⁾	8	263,409	216,682	257,149	-
Weighted average number of common shares outstanding for diluted earnings (loss) per share		42,540,490	42,867,260	42,904,193	42,545,180
Earnings (loss) per share basic and diluted	11	0.40	0.29	0.66	(1.64)

⁽¹⁾ For both the quarter and six-month period ended June 30, 2016, 126,960 weighted average common shares issuable on the exercise of stock options were excluded from the calculation of diluted earnings per share as the exercise price of the options was higher than the average market price of the shares (nil and 632,120 in 2015 were excluded from the calculation of diluted earnings (loss) per share as their inclusion would have had an anti-dilutive effect).

7 - BUSINESS COMBINATIONS

During the six-month period ended June 30, 2016, the Corporation acquired assets and liabilities of 6 companies operating in the United States, 3 companies operating in Canada and acquired the shares of 1 company operating in Canada.

Total cost of these acquisitions of \$164,575 was preliminarily allocated to the acquired assets and liabilities based on their fair value.

The aggregate fair value amounts recognized for each class of the acquirees' assets and liabilities at the acquisition dates were as follows:

	June 30,
	2016
Trade and other receivables	13,796
Inventory	29,337
Property and equipment	3,259
Intangible assets	21,880
Goodwill ⁽¹⁾	88,858
Other non-current assets	8,997
Trade and other payables	(1,552)
Total cost	164,575
Balance of purchase price ⁽²⁾	(24,190)
Net disbursement	140,385

⁽¹⁾ For tax purposes, goodwill is expected to be deductible.

⁽²⁾ As at June 30, 2016, \$14,489 of this balance of purchase price is held in escrow.

Those companies were acquired in the normal course of business, and the Corporation incurred \$786 of acquisition costs. Since their respective acquisition date, the acquisitions have contributed a total of \$44,399 and \$3,213 to sales and net earnings.

8 - STOCK-BASED COMPENSATION

During the second quarter of 2016, the Corporation carried out a 2-for-1 stock split of its common shares. To reflect the effect of the stock split, information pertaining to stock-based compensation has been retroactively restated, such as deferred share units ("DSUs"), performance share units ("PSUs") and options.

Common share stock option plan for management employees and officers

For the six-month period ended June 30, 2016, 126,960 options were granted to management employees and officers of the Corporation (514,678 for 2015), with an average exercise price of C\$33.94 (C\$15.32 in 2015). During the period, 105,810 options were exercised (795,870 for 2015), no options were forfeited (90,454 for 2015) and no options expired (same for 2015). As at June 30, 2016, options granted for the issuance of 392,778 common shares (656,076 as at June 30, 2015) were outstanding under the Corporation's stock option plan. For the quarter and six-month period ended June 30, 2016, compensation expense of \$129 and \$405 (\$114 and \$667 respectively for 2015) was recorded in the "Net earnings (loss)", with the corresponding amounts recorded in "Contributed surplus".

Deferred share unit plan

For the six-month period ended June 30, 2016, the Corporation granted 31,991 DSUs (41,116 DSUs for 2015) and redeemed 84,323 DSUs (nil for 2015). Compensation expense of \$833 and \$492 (\$250 and \$1,616 in 2015) was recorded during the quarter and the six-month period, and 129,098 DSUs were outstanding as at June 30, 2016 (202,308 as at June 30, 2015) for which the compensation liability was \$3,250 (\$4,476 as at December 31, 2015).

Performance share unit plan

For the six-month period ended June 30, 2016, the Corporation granted 76,282 PSUs (223,230 PSUs for 2015) and redeemed 98,684 PSUs (nil for 2015). Compensation expense of \$752 and \$1,433 was recorded during the quarter and the six-month period (\$179 and \$1,200 in 2015), and 216,036 PSUs were outstanding as at June 30, 2016 (389,440 PSUs as at June 30, 2015) for which the compensation liability was \$3,144 (\$3,009 as at December 31, 2015).

9 - POST-EMPLOYMENT BENEFIT OBLIGATIONS

For the quarter and six-month period ended June 30, 2016, the employee benefits expense related to the Corporation's defined-benefit pension plans was \$702 and \$1,361 respectively (\$822 and \$1,638 for 2015), and the net interest expense of \$130 and \$252 (\$230 and \$458 for 2015) was recorded in "Finance costs, net". Employee benefits expense of \$446 and \$1,145 (\$570 and \$1,353 for 2015) related to the Corporation's defined-contribution pension plans was also recognized for the same respective periods.

10 - CREDIT FACILITIES AND LONG-TERM DEBT

Revolving credit facility

On May 20, 2016, the Corporation amended the terms of its \$400,000 unsecured long-term revolving credit facility and extended its maturity to June 30, 2020. This facility is available in Canadian or US dollars and can be repaid at any time without penalty. The variable interest rates are based on the LIBOR in US dollars, bankers' acceptances and prime rates plus the applicable margins.

Letter of credit facility

On June 29, 2016, the Corporation amended the terms of its \$20,000 unsecured letter of credit facility and extended its maturity to June 30, 2020. This facility is available for the issuance of Canadian and US dollars letters of credit. The variable interest rates are based on the LIBOR in US dollars, bankers' acceptances and prime rates plus the applicable margins. As at June 30, 2016, \$13,354 of letters of credit have been issued (\$14,854 as at December 31, 2015).

Long-term debt

	Maturity	Effective interest rate	Current portion	June 30, 2016	Dec. 31, 2015
Revolving credit facility, variable rates – \$173,063 (\$84,200 as at December 31, 2015)	2020	1.80% to 4.33%	-	171,273	82,426
Finance leases, variable rates	-	-	2,604	7,380	7,898
Others	2020	-	4	20	20
			2,608	178,673	90,344
Instalments due within a year				2,608	2,622
Long-term debt				176,065	87,722

11 - SHARE CAPITAL

During the second quarter of 2016, the Corporation carried out a 2-for-1 stock split of its common shares. To reflect the effect of the stock split, information pertaining to common shares has been retroactively restated.

Repurchase and cancellation of shares

During the six-month period ended June 30, 2016, 1,010,390 common shares (nil for 2015) were repurchased in connection with the normal course issuer bid announced in August 2015, for a cash consideration of \$21,681 including a share repurchase premium of \$1,997 applied as a reduction of retained earnings. As at June 30, 2016, 42,231,178 common shares were outstanding (43,227,388 as at June 30, 2015).

Issuance of common shares

During the six-month period ended June 30, 2016, the Corporation issued 105,810 (795,870 for 2015) common shares at the exercise of stock options for a cash consideration of \$1,090 (\$8,546 for 2015). The weighted average price of the exercise of stock options was C\$13.34 for the six-month period (C\$13.28 for 2015).

Dividends

A total of C\$0.085 per common share was declared by the Corporation for the quarter ended June 30, 2016 (C\$0.08 for 2015). A total of C\$0.165 per common share was declared by the Corporation for the six-month period (C\$0.155 for 2015).

12 - FINANCIAL INSTRUMENTS

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

	June 30, 2016		December 31, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets classified as loans and receivables				
Cash	12,386	12,386	91,432	91,432
Cash held in escrow	18,279	18,279	3,790	3,790
Trade receivables	140,974	140,974	112,013	112,013
Shares of companies	Level 3 629	629	Level 3 604	604
Advances to merchant members	Level 3 2,594	2,594	Level 3 2,182	2,182
Financial liabilities carried at amortized cost				
Trade payables, balance of purchase price and others	257,558	257,558	258,608	258,608
Dividend payables	2,763	2,763	2,485	2,485
Long-term debt (except finance leases)	Level 2 171,293	171,293	Level 2 82,446	82,446
Merchant members' deposits in the guarantee fund	Level 3 5,661	N/A	Level 3 5,613	N/A
Other liabilities				
Finance leases	Level 2 7,380	7,380	Level 2 7,898	7,898

Financial assets classified as loans and receivables

The fair value of the cash, cash held in escrow and trade receivables approximate their carrying amount given that they will mature shortly.

The fair value of the shares of companies and advances to merchant members was determined based on discounted cash flows using effective interest rates available to the Corporation at the end of the reporting period for similar instruments.

Financial liabilities carried at amortized cost

The fair value of the trade payables, balance of purchase price and others, and dividends payable approximate their carrying amount given that they will mature shortly.

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

The fair value of the merchant members' deposits in the guarantee fund could not be determined given that they result from transactions not observable in the market.

Other liabilities

The fair value of the finance leases has been determined by calculating the present value of the interest rate spread that exists between the actual credit facilities and the rate that would be negotiated with the economic conditions at the reporting date. As at June 30, 2016, the fair value of the finance leases approximates their carrying value as the effective interest rates applicable to the Corporation's finance leases reflect current market conditions.

Fair value hierarchy

Financial instruments measured at fair value in the statements of financial position are classified according to the following hierarchy:

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

13 - SEGMENTED INFORMATION

The Corporation provides information on three reportable segments: Paint and related products, Automotive products, and Corporate office and others. The profitability measure employed by the Corporation for assessing segment performance is segment income.

	Quarter ended June 30,							
	Paint and related products		Automotive products		Corporate office and others		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Sales before intersegment sales	196,477	157,656	127,281	252,946	-	-	323,758	410,602
Intersegment sales	-	(2,303)	-	-	-	-	-	(2,303)
Sales	196,477	155,353	127,281	252,946	-	-	323,758	408,299
Segment income (loss) ⁽¹⁾	24,282	19,552	8,917	13,829	(3,460)	(2,532)	29,739	30,849
Restructuring and other charges	-	340	-	(2,906)	-	836	-	(1,730)
Impairment and transaction charges related to the sale of net assets	-	-	-	12,735	-	809	-	13,544
Segment income (loss) reported ⁽²⁾	24,282	19,212	8,917	4,000	(3,460)	(4,177)	29,739	19,035

	Six-month period ended June 30,							
	Paint and related products		Automotive products		Corporate office and others		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Sales before intersegment sales	369,890	308,303	217,898	516,771	-	-	587,788	825,074
Intersegment sales	-	(5,090)	-	-	-	-	-	(5,090)
Sales	369,890	303,213	217,898	516,771	-	-	587,788	819,984
Segment income (loss) ⁽¹⁾	45,040	35,635	13,529	17,775	(7,127)	(5,798)	51,442	47,612
Restructuring and other charges	-	340	-	(2,906)	-	5,862	-	3,296
Impairment and transaction charges related to the sale of net assets	-	-	-	146,737	-	809	-	147,546
Segment income (loss) reported ⁽²⁾	45,040	35,295	13,529	(126,056)	(7,127)	(12,469)	51,442	(103,230)

⁽¹⁾ The chief operating decision maker uses primarily one measure of profit to make decisions and assess performance, being gross margin less employee benefits and other operating expenses.

⁽²⁾ Per consolidated statements of earnings, corresponds to "Earnings (loss) before finance costs, depreciation and amortization, equity income and income taxes".

13 - SEGMENTED INFORMATION (CONTINUED)

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

	Quarter ended June 30,		Six-month period ended June 30,	
	2016	2015	2016	2015
Sales				
United States	196,477	281,227	369,890	602,480
Canada	127,281	127,072	217,898	217,504
Total	323,758	408,299	587,788	819,984

June 30, 2016

	United States	Canada	Total
Property and equipment	18,636	16,610	35,246
Intangible assets	75,622	14,718	90,340
Goodwill	202,167	42,695	244,862

December 31, 2015

	United States	Canada	Total
Property and equipment	15,838	14,466	30,304
Intangible assets	51,110	14,245	65,355
Goodwill	119,525	37,745	157,270

