MANAGEMENT REPORT
SECOND QUARTER REPORT 2006

For the six-month period ended
June 30, 2006

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Message to Shareholders

Uni-Select Inc. increased its net earnings for the second quarter of 2006 by 2.6% to reach $10,539,000 or $0.53 per share, (except where indicated, per share income is presented on a fully diluted basis) compared to $10,267,000 or $0.52 per share in the previous year. Net earnings for the first six months of the year were $16,185,000 or $0.82 per share compared to $15,661,000 or $0.80 per share in 2005. Unfavourable Canadian/US exchange rates reduced net profits by $0.02 per share for the quarter and by $0.03 for the first six-month period of the year.

Sales reached $294,494,000 for the second quarter of the year, a decrease of 5.9% over sales of $312,828,000 realized during the second quarter of 2005. For the first six months of 2006, sales were $557,008,000, a 3.7% decrease compared to $578,372,000 for the same period in 2005. The negative impact of the exchange rate on sales in the second quarter was (4.9%) compared to (4.0%) in the first six months of the year.

Automotive Group USA

Automotive Group USA decreased its sales by 6.3% in the second quarter of 2006 as a result of the negative impact of exchange rates. Sales went from $155,758,000 during the second quarter of 2005 to $145,990,000 during the second quarter of 2006. Excluding the impact of exchange rates, sales for Automotive Group USA would have increased by 3.5% as a result of acquisitions. For the first six months of 2006, sales for the Group decreased by 3.1%, from $290,999,000 in 2005 to $282,015,000 in 2006; excluding the impact of exchange rates, sales for the Group for the period would have increased by 4.8%. The operating margin for the Group during the course of the first six months of the year improved to 6.6% compared to 6.3% in the first six months of 2005. This progression is attributable to the implementation of programs in 2005 and the beginning of 2006. For the year, the operating margin of the Group increased to 5.9% compared to 5.5% in 2005.

Automotive Group Canada

Automotive Group Canada decreased its sales by 4.5% during the second quarter of 2006. Sales for the second quarter was $133,123,000 compared to $139,354,000 during the same quarter in 2005. This variation is essentially organic in nature and reflects the impact on consumer's budgets of the increases of both fuel prices and interest rates. Furthermore, sales in exhaust and paint products were weakened by the changeover in product lines for certain national accounts and the closure of certain accounts specializing in collision repair products. For the initial six-month period of 2006, the Group's sales were $244,128,000 compared to $254,488,000 for 2005, a decrease of 4.1%. During the second quarter, the operating margin of the Group was 8.5%, a strong increase compared to the same quarter of 2005 when the operating margin was 7.2%. Approximately 0.8% of this quarterly increase is non-recurring in nature. Year-to-date, the operating margin of Automotive Group Canada increased from 6.2% in 2005 to 7.1% in 2006. Approximately 0.5% of this increase is non-recurring in nature.

Heavy Duty Group

Sales for the Heavy Duty Group decreased by 13.2% during the second quarter to $15,381,000 compared to $17,716,000 during the same quarter in 2005. This decrease is mainly due to significant returns in the wheel division and a delay in purchase orders from customers that should be reflected in the third quarter. For the first six months of 2006, the Group's sales decreased by 6.1% from $32,885,000 to $30,865,000. During the second quarter, the operating margin of the Group was (5.2%) compared to 2.1% for the same quarter in 2005. For the year, the operating margin of the Group was (4.8%) and nil in 2005.

Outlook

Despite the fact that we are concerned by the impact that the increase in both fuel prices and interest rates are having on the budget of consumers and the maintenance of their automobiles, we are of the belief that this situation will only transiently affect our industry. The evolution of the exchange rate between Canadian and American currencies has also affected our sales and our US profits which we report in Canadian dollars. This impact is accounting in nature and we are pleased to be able to count on a solid presence in the USA. Finally, we are confident that growth will be sustained in the second half of 2006 as a result of recent acquisitions in Canada and the US and the programs implemented.

Jacques Landreville
President & Chief Executive Officer

Management's Report

Profile

The activities of Uni-Select are segregated into three principal groups: AUTOMOTIVE GROUP CANADA, which specializes in the distribution of automotive replacement parts and accessories across Canada, AUTOMOTIVE GROUP USA, also distributes automotive replacement parts and operates automotive stores in the United States, and HEAVY DUTY GROUP, distributes and sells parts and accessories for heavy duty vehicles and wheels in Quebec, Ontario, the Maritimes and Alberta.

Preamble

General

This report of management on the operating results and cash flows for the period ended June 30, 2006 compared to the period ended June 30, 2005, as well as the financial situation of the Company for the period ended June 30, 2006 compared to the period ended December 31, 2005, should be read with the consolidated financial statements and the accompanying notes. The information contained in this management report takes into account all important events which occurred prior to August 3, 2006, date of the approval of the financial statements and the management report by the Board of Directors of the Company. They reflect, in management's best opinion, the situation of the Company and the general business context at the time this report is issued.

Certain sections of this report by management include forward-looking statements which are inherently subject to risks and uncertainties and may cause the Company's actual performance to differ materially from that contemplated by the forward-looking statements. Uni-Select's management, unless required according to the Securities Act, does not assume any obligation as for the update or with the revision of the forward-looking statements because of new information, future events or other changes

Non GAAP performance measure and forward-looking information

Operating margin represents operating earnings before interests, amortization, income taxes and non-controlling interest (EBITDA) on sales. EBITDA is presented as it is a widely accepted financial indicator of a company's ability to service and incur debt. EBITDA should not be considered by an investor as an alternative to operating income or net earnings, an indicator of operating performance or of cash flows, or as a measure of liquidity. Because EBITDA is not a measurement determined in accordance with Canadian generally accepted accounting principles ("GAAP"), it may not be comparable to the EBITDA of other companies. In the statement of earnings of the Company, EBITDA is reported under the item "Earnings before the following".

Operating Results

Sales

For the second quarter ended June 30, 2006, Uni-Select recorded sales of $294,494,000 compared with $312,828,000 for the quarter ended June 30, 2005, a decrease of 5.9%. The decrease in sales is essentially related to the variation of the exchange rate between the Canadian and the U.S. dollar; had the exchange rate been constant, sales would have increased by 1.8%.

Uni-Select's sales, for the second quarter of the year, decreased by 5.9% over the of the second quarter of 2005. The decrease in sales is essentially due to the negative impact of 4,9 % of the exchange rate between the Canadian and U.S. dollar and a decrease in sales of organic nature which seems mainly attributable to rising fuel prices and the increase in interest rates that caused consumers to delay some maintenance expenses. The sales generated by acquisitions concluded during the last quarters attenuated these negative impacts. The Company's sales reached $557,008,000 for the first six months ended June 30, 2006, a decrease of 3.7% over the same period the previous year, where sales reached $578,372,000. The negative impact due to the variation of the exchange rate is 4% during the six-month period.

- Automotive Group USA sales were $145,990,000 during the second quarter of 2006, a decrease of 6.3% over the corresponding quarter of the preceding year, when sales were reported at $155,758,000 . This increase would have been of 3.5% had the exchange rate between the Canadian and U.S. dollar been constant. Excluding the negative impact of the variations from the exchange rate, as well as sales generated from the acquisitions realized in the last quarters of 2006, sales for the existing operations showed a decrease of 0.9%. We attribute this slowdown in demand to rising fuel prices and interest rates which appear to have delayed maintenance expenses on vehicles. Automotive Group USA's sales reached $282,015,000 for the first six months ended June 30, 2006, a decrease of 3.1% over the same period the previous year, where sales reached $290,999,000. This increase would have been of 4.8% had the exchange rate remained constant.

- Automotive Group Canada sales attained $133,123,000 in the second quarter of 2006, a decrease of 4.5% compared to the same quarter the previous year where sales reached $139,354,000 . This decrease is essentially organic in nature and just like Automotive Group USA, we are of the opinion that the increase in fuel prices and interest rates had a negative impact on the sales for this group. Moreover, the changeover of products at Midas franchisees' locations and the closure of certain accounts specializing in collision repair products are contributing factors to the decrease in sales during the present quarter. Automotive Group Canada's sales reached $244,128, 000 for the first six months ended June 30, 2006, a decrease of 4.1% over the same period the previous year, when sales reached $254,488,000.

- Heavy Duty Group realized sales of $15,381,000 in the second quarter of 2006, a decrease of 13.2% over the corresponding quarter of the previous year when sales reached $17,716,000. This decrease is essentially of an organic nature and is mainly due to significant returns in the wheel division and a delay in purchase orders from customers. Heavy Duty Group sales reached $30,865,000 for the first six months ended June 30, 2006, a decrease of 6.1% over the same period the previous year, when sales reached $32,885,000.

EBITDA

Uni-Select's EDITDA reached $20,111,000 for the second quarter of 2006, compared to $20,217,000 during the corresponding period a year earlier. The operating margin for the second quarter was 6.8% compared to 6.5% last year. For the six-month period ended June 30, 2006, earnings were $32,545,000 compared to $32,004,000 over the same period in 2005. The operating margin for the first six-month period of the year was 5.8% compared to 5.5% last year.

- The contribution of Automotive Group USA to the second quarter was $9,591,000 compared to $9,877,000 for the same quarter of the previous year. The operating margin for Automotive Group USA improved from 6.3% in the second quarter of 2005 to 6.6%. This improvement results from better gross margins resulting mainly from the realization of synergies from the action plans which were put in place during the course of 2005 and early 2006 and of a higher percentage of sales to installer customers. On the other hand, the operating expenses increased mainly as a result of higher distribution costs to service customers and an increase in energy costs. The contribution of Automotive Group USA was $16,649,000 for the six-month period ended June 30, 2006, compared to $16,105,000 $ over the same period the previous year. The operating margin for the first six month period of the year was 5,9% compared to 5,5% last year.

- The contribution of Automotive Group Canada to the second quarter was $11,322,000 compared to $9,968,000 for the same quarter of the previous year. The operating margin of Automotive Group Canada increased from 7.2% in the second quarter of 2005 to 8.5% in the second quarter of 2006. This improvement results from higher gross margins that reflect, as of June 1, 2006, the 100% ownership of the subsidiary USI-AGI Prairies Inc. (previously a 50% joint venture), a higher percentage of sales to installers as well as a non-recurring revenue of $1.1 million resulting from a sale's program introduced the previous year and for which the Company had underestimated the net contribution. Excluding the impact from the non-recurring income, the operating margin would have been 7.7%. The contribution of the Automotive Group Canada was $17,366,000 $ for the six-month period ended June 30, 2006, compared to $15,896,000 $ over the same period the previous year. The operating margin, for the first six months of the year, was 7.1% compared to 6.2% last year. Excluding the non-recurring income, the operating margin would have been 6.6% for the six-month period.

- The contribution of the Heavy Duty Group to the second quarter was ($802,000) compared to $372,000 during the same quarter of the previous year. The operating margin for the Heavy Duty Group was (5.2%) compared to 2.1% for the corresponding quarter last year. This decrease is primarily explained by a lower gross margin due to an unfavourable mix in products sold when compared with the corresponding quarter the previous year. The operating expenses, remain largely unchanged, as they could not be reduced proportionately to sales and any improvement was further offset by the increase in delivery costs resulting from the increase in fuel costs. The contribution of the Heavy Duty Group was ($1,470,000) for the first six-month period ended June 30, 2006, compared to $3,000 over the same period the previous year. The operating margin of the Heavy Duty Group for the first six-month period ended June 30, 2006 was ($4.8%) compared to nil last year.

Financial, Depreciation and Amortization Expenses

During the second quarter, interest income from cash, cash equivalents and temporary investments less expenses on short term loans was of $137,000 compared to an expense of $65,000 in 2005, principally due to an average cash and cash equivalent level superior to last year. For the initial six-month period, short-term borrowing costs, net of interest income from cash, cash equivalents and temporary investments, represent an income of $274,000 compared to an expense of $143,000 the previous year.

Long-term borrowing costs for the second quarter were $932,000 compared to $769,000. The increase of $163,000 is primarily explained by an increase in interest rates. For the first six-month period, cost increased from $1,384,000 to $1,811,000.

Interest paid on the members' deposits in guarantee funds for the second quarter increased, from $66,000 to $79,000 due to an increase in interest rates. For the first six-moth period, interest paid increased from $131,000 to $156,000.

Interest income paid by merchant members for the second quarter was $108,000 compared to $94,000 in 2005. This income was $209,000 for the initial six-month period compared to $186,000 last year. The variance is explained by an increase in interest rates.

For the second quarter, amortization expenses reached $1,773,000 compared to $2,090,000 for the previous year. For the first six-month period, these costs totalled $3,914,000 compared to $4,188,000 last year. The decline is due to the decrease of fixed assets expenses.

Total financial and amortization expenses decreased by $357,000 to reach $2,539,000 for the second quarter of 2006. For the first six-month period, the total financial and amortization expenses decreased by $262,000 to reach $5,398,000. Consequently, for the second quarter, Uni-Select recorded earnings before taxes and non-controlling interest (minority shareholders) of $17,572,000, an increase of 1.4% over the previous year. For the initial six-month period, earnings before taxes and non-controlling interest (minority shareholders) reached $27,147,000, an increase of 3.0% over the previous year.

Net Profitability

In the second quarter of 2006, the effective tax rate was 35.4% compared to 35.9% in 2005. For the year-to-date the effective tax rate was 35.2% compared to 35.4% over the same period the previous year.

After deducting income taxes and the $819,000 non-controlling interest (minority shareholders) in the earnings of the American subsidiary ($842,000 in 2005), Uni-Select posted, for the second quarter, net earnings of $10,539,000 compared to $10,267,000 for the previous year. The increase in net earnings was 2.6% for the second quarter of 2006 when compared to the same period of the previous year. The net profit margin in relation to sales for the quarter increased from 3.3% in 2005 to 3.6% in 2006. For the initial six-month period, the net profit margin in relation to sales increased from 2.7% in 2005 to 2.9% in 2006.

For the second quarter, earnings per share amounted to $0.54 ($0.53 diluted), representing a 1.9% growth on earnings per share of $0.53 ($0.52 diluted) over the previous year. For the year-to-date, earnings per share amounted to $0.82 ($0.82 diluted) compared to $0.80 ($0.80 diluted) last year. Notably the appreciation of the Canadian currency compared to the American dollar had an unfavourable impact of $0.02 per share for the second quarter; after the first six-month period of the year, the negative impact is $0.03 per share. For the second quarter, the weighted average number of outstanding shares increased from 19.5 million in 2005 (19.6 million on a diluted basis) to 19.7 million in 2006 (19.7 million on a diluted basis), mainly as a result of shares issued on the exercise of stock options held by officers. As for the diluted shares, it reflects the eventual exercise of stock options held by officers.

Principal Cash Flows

Cash Flows from Operating Activities

Cash generated from operations before changes in working capital items amounted to $12,719,000 during the second quarter of 2006, compared to $14,314,000 for the previous year. Changes in working capital items used liquidities in the amount of $15,941,000 during the second quarter compared to $17,721,000 last year. The use of liquidities during the quarter is due mainly to the seasonality of our operations. After changes to working capital items, operating activities generated net cash flows in the amount of $28,660,000 during the second quarter compared to a use of $32,035,000 last year.

During the initial six-moth period, cash generated from operations before changes in working capital items amounted to $21,642,000, compared to $22,201,000 the previous year. The changes in working capital items generated $10,861,000 of liquid assets whereas they used $6,284,000 last year.

Cash Flow Used by Investing Activities

During the quarter, investment activities used cash in the amount of $52,558,000. For the first six-month period, investment activities used cash assets of $53,166,000. Major items include:

- The Company disbursed $55,983,000 in cash for acquisitions ($4,645,000 in 2005):
  - On May 31, $28,290,000 were disbursed for the acquisition of shares held by the partners of the partnership of USI-AGI Inc. ;
  - On June 1, $20,295,000 $ was disbursed for the acquisition of the assets of Auto Craft Automotive Products, LLC., a company operating distribution centre and stores in the Northeast region of the United States and finally;
  - $7,398,000 was disbursed to complete a number of acquisition of shares and assets of wholesalers, in Canada as well as the US.

  The disbursement for acquisitions amounts to $56,378,000 for the year-to-date ($5,708,000 in 2005).

- The purchase of various fixed assets for $1,530,000($2,694,000 in 2005) notably to continue the modernization of information systems, as well as for leasehold and office improvements in Canada and United States, and the purchase of automotive equipment mainly for Automotive Group USA.

- Reimbursements, net of advances to merchant members, generated liquid assets of $13,000 during the quarter ($94,000 in 2005) and $1,149,000 for the first six-month period ($710,000 $ in 2005) ; and

- Lastly, Uni-Select cashed temporary investments for an amount of $4,942,000.

Cash Flow Used by Financing Activities

During the quarter, financing activities required funds in the amount of $10,580,000 ($11,415,000 in 2005). The following are the principal elements thereof :

- the utilization of bank debt generated liquid assets of $12,367,000. The utilization of bank debt totaled $12,270,000 for the initial six-month period;
- $1,965,000 was disbursed as dividend payment on common shares, representing $0.10 per share ($3,533,000 after six months);
- $370,000 went to the repayment of the long-term debt, net of the increase ($676,000 after six months);
- a reimbursement of $64,000 ($67,000 after six months) in merchant members' deposits in the guarantee fund, and
- Finally, Uni-Select received proceeds of $612,000 ($1,278,000 for six months) on the issue of 49,915 common shares (99,300 for the six months) pursuant to the exercise of stock options held by officers.

Taking into account the various cash inflows of the second quarter of 2006, the Company's cash and cash equivalents decreased by $13,318,000 to reach $7,717,000 as at June 30, 2006 compared to $19,108,000 as at December 31, 2005.

Financial Position

As at June 30, 2006, the Company's total assets were $541,876,000 compared to $512,345,000 as at March 31, 2006 and $495,676,000 at the end of December 2005. This increase of 5.8% is mostly attributable to assets from acquisitions combined with the reduction of assets related to existing operations.

Accounts receivable increased by 1.3% to reach $148,220,000 at the end of June 2006 compared to $146,379,000 as at March 31, 2006 and $133,903,000 at the end of December 2005.

Inventory increased by 9.5% to reach $285,780,000 at the end of June 2006 compared to $260,965,000 as at March 31, 2006 and $260,156,000 as at December 31, 2005. The increase of inventory is mainly due to acquisitions completed for the initial six-month period.

Long-term investments, comprised mostly of advances granted to merchant members to facilitate their expansion, totalled $8,189,000 as at June 30, 2006 compared to $6,827,000 as at March 31, 2006 and $7,798,000 as at December 31, 2005.

Goodwill went from $18,002,000 as at March 31, 2006 to $35,917,000 as at June 30, 2006 due to acquisitions completed during the quarter. It amounted to $17,996,000 as at December 31, 2005.

The book value of the Company's fixed assets was $35,917,000 as at June 30, 2006 compared to $35,588,000 as at March 31, 2006 and $36,246,000 as at December 31, 2005.

Accounts payable stood at $158,440,000 at the end of the second quarter of 2006 compared to $142,989,000 as at March 31, 2006 and $132,339,000 as at December 31, 2005. This variation is essentially due to the seasonality of the current operations of the Company

Long-term debt (including members' deposits in guarantee funds and the portion coming to term in less than one year) decreased by $2,286,000 to reach $69,526,000 during the second quarter of 2006, compared to $71,812,000 as at March 31, 2006. The long-term debt reached $72,056,000 as at December 31, 2005. The long-term debt to shareholders' equity ratio decreased to reach 26.2% compared to 27.6% as at March 31, 2006 and 28.2% as at December 31, 2005. On the other hand, bank indebtedness went from $1,834,000 as at March 31, 2006 to $14,789,000 at the end of the second quarter. It reached $1,932,000 as at December 31, 2005. The sum of cash and cash equivalents was $7,717,000 as at June 30, 2006 compared to $25,977,000 as at March 31, 2006 and $24,050,000 as at December 31, 2005.

Shareholders' equity increased by 1.9% to reach $264,919,000 ($13.45 per common share), compared to $259,966,000 ($13.23 per common share) as at March 31, 2006, accounting for the year's net earnings and the payment of dividends. At 2005 year-end, shareholders' equity was $225,617,000 ($13.04 per common share). As at July 28, 2006, the Company had 19,699,016 shares and 89,152 options outstanding.

Working capital of the Company stood at $282,092,000 for a ratio of 2.6:1 at the end of the second quarter of 2006 compared to $301,148,000 for a ratio of 3.0:1 as at March 31, 2006. As at December 31, 2005, working capital was $294,227,000 for a ratio of 3.2:1.

Perspectives

Despite the fact that we are concerned by the impact that the increase in both fuel prices and interest rates are having on the budget of consumers and the maintenance of their automobiles, we are of the belief that this situation will only transiently affect our industry. The evolution of the exchange rate between Canadian and American currencies has also affected our income and our US profits which we report in Canadian dollars. This impact is accounting in nature and we are pleased to be able to count on a solid presence in the USA. Finally, we are confident that with the recently completed acquisitions in both Canada and the US as well as with the programs put in place, growth will be sustained in the second half of 2006

Additional Information

The reader will find other information related to Uni-Select, including the Company's Annual Information Form, on the SEDAR site at: www.sedar.com.

Notice Related to the Review of Quarterly Financial Statements

The quarterly financial statements for the period ended June 30, 2006, have not been reviewed by the auditors of the Company.

CONSOLIDATED EARNINGS
THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2006 AND 2005

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

	2nd QUARTER		6 MONTHS	
	2006	**2005**	**2006**	**2005**
	$	**$**	**$**	**$**
SALES	**294,494**	312,828	**557,008**	578,372
Earnings before the following items	**20,111**	20,217	**32,545**	32,004
Interest on bank indebtedness	**202**	118	**334**	207
Interest on long-term debt	**932**	769	**1,811**	1,384
Interest on merchant members' deposits in guarantee funds	**79**	66	**156**	131
Interest income from cash and cash equivalent	**(339)**	(53)	**(608)**	(64)
Interest income from merchant members	**(108)**	(94)	**(209)**	(186)
Amortization (Note 2)	**1,773**	2,090	**3,914**	4,188
	2,539	2,896	**5,398**	5,660
Earnings before income taxes and non-controlling interest	**17,572**	17,321	**27,147**	26,344
Income taxes				
Current	**6,626**	5,097	**9,419**	8,331
Future	**(412)**	1,115	**133**	987
	6,214	6,212	**9,552**	9,318
Earnings before non-controlling interest	**11,358**	11,109	**17,595**	17,026
Non-controlling interest	**819**	842	**1,410**	1,365
Net earnings	**10,539**	10,267	**16,185**	15,661
Basic earnings per share (Note 3)	**0.54**	0.53	**0.82**	0.80
Diluted earnings per share (Note 3)	**0.53**	0.52	**0.82**	0.80
Weighted average number of outstanding shares	**19,667,649**	19,498,411	**19,649,813**	19,479,763
Number of issued and outstanding common shares	**19,699,016**	19,519,900	**19,699,016**	19,519,900

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

CONSOLIDATED RETAINED EARNINGS
SIX-MONTH PERIODS ENDED JUNE 30, 2006 AND 2005

(in thousands of dollars, unaudited)

	6 MONTHS	
	2006	**2005**
	$	**$**
Balance, beginning of period	**220,966**	188,159
Net earnings	**16,185**	15,661
	237,151	203,820
Dividends	**3,935**	3,121
Balance, end of period	**233,216**	200,699

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

CONSOLIDATED CASH FLOWS
THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2006 AND 2005

(in thousands of dollars, except dividends paid on common shares, unaudited)

	2nd QUARTER		6 MONTHS	
	2006	**2005**	**2006**	**2005**
	$	**$**	**$**	**$**
OPERATING ACTIVITIES				
Net earnings	**10,539**	10,267	**16,185**	15,661
Non-cash items				
Amortization	**1,773**	2,090	**3,914**	4,188
Future income taxes	**(412)**	1,115	**133**	987
Non-controlling interest	**819**	842	**1,410**	1,365
	12,719	14,314	**21,642**	22,201
Changes in working capital items	**15,941**	17,721	**10,861**	6,284
CASH FLOWS FROM OPERATING ACTIVITIES	**28,660**	32,035	**32,503**	28,485
INVESTING ACTIVITIES				
Temporary investment	**4,942**	–	**4,942**	–
Business acquisitions	**(55,983)**	(4,645)	**(56,378)**	(5,708)
Advances to merchant members	**(2,323)**	(1,103)	**(3,157)**	(1,584)
Receipts on advances to merchant members	**2,336**	1,197	**4,306**	2,294
Company shares	–	20	–	20
Property, plant and equipment	**(1,530)**	(2,694)	**(2,879)**	(4,626)
CASH FLOWS FROM INVESTING ACTIVITIES	**(52,558)**	(7,225)	**(53,166)**	(9,604)
FINANCING ACTIVITIES				
Bank indebtedness	**12,367**	(7,382)	**12,270**	(1,804)
Due to a joint venturer	–	(2,500)	–	(2,500)
Balance of purchase price	–	–	–	(4,104)
Long-term debt	**328**	247	**900**	3,634
Repayment of long-term debt	**(698)**	(561)	**(1,576)**	(666)
Merchant members' deposits in guarantee fund	**(64)**	(44)	**(67)**	(106)
Issuance of shares	**612**	384	**1,278**	1,304
Dividends paid	**(1,965)**	(1,559)	**(3,533)**	(2,987)
CASH FLOWS FROM FINANCING ACTIVITIES	**10,580**	(11,415)	**9,272**	(7,229)
Net increase (decrease) in cash and cash equivalents	**(13,318)**	13,395	**(11,391)**	11,652
Cash and cash equivalents, beginning of period	**21,035**	8,178	**19,108**	9,921
Cash and cash equivalents, end of period	**7,717**	21,573	**7,717**	21,573

Cash and cash equivalents include cash and temporary investments maturing in less than three months.

Dividends paid on common shares	**0.100**	0.080	**0.180**	0.154

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

CONSOLIDATED BALANCE SHEETS
JUNE 30, 2006, JUNE 30, 2005 AND DECEMBER 31, 2005
(in thousands of dollars)

	JUNE 30, 2006 (unaudited)	JUNE 30, 2005 (unaudited)	DECEMBER 31, 2005 (audited)
	$	$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	**7,717**	21,573	19,108
Temporary investment	**-**	-	4,942
Accounts receivable	**148,220**	162,066	133,903
Income taxes receivable	**6,874**	6,703	5,352
Inventory	**285,780**	266,015	260,156
Prepaid expenses	**6,124**	6,328	3,885
Future income taxes	**2,742**	4,548	3,093
	457,457	467,233	430,439
Investments and volume discounts receivable, at cost	**8,189**	9,766	7,798
Property, plant and equipment	**37,293**	34,645	36,246
Financing costs	**1,064**	1,245	1,321
Goodwill	**35,917**	18,314	17,996
Future income taxes	**1,956**	3,167	1,876
	541,876	534,370	495,676
LIABILITIES			
CURRENT LIABILITIES			
Bank indebtedness	**14,789**	1,390	1,932
Accounts payable	**158,440**	177,664	132,339
Income taxes payable	**-**	8,023	-
Dividends payable	**1,970**	1,562	1,568
Instalments on long-term debt and on merchant members' deposits in guarantee fund	**166**	298	373
	175,365	188,937	136,212
Deferred government grants	**371**	422	395
Long-term debt	**61,027**	67,363	64,349
Merchant members' deposits in guarantee funds	**8,333**	7,527	7,334
Future income taxes	**4,678**	4,046	4,837
Non-controlling interest	**27,183**	26,616	26,932
	276,957	294,911	240,059
SHAREHOLDERS' EQUITY			
Capital stock (Note 4)	**49,334**	46,905	48,056
Retained earnings	**233,216**	200,699	220,966
Cumulative translation adjustments	**(17,631)**	(8,145)	(13,405)
	264,919	239,459	255,617
	541,876	534,370	495,676

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005
(in thousands of dollars, except for per share amounts, unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements are in accordance with Canadian generally accepted accounting principles for interim financial statements and do not include all the information required for complete financial statements. They are also consistent with the accounting policies outlined in the Company's audited financial statements for the year ended December 31, 2005. The interim financial statements and related notes should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2005. When necessary, the financial statements include amounts based on informed estimates and management's best judgements. The operating results for the interim periods reported are not necessarily indicative of results to be expected for the year.

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

2. INFORMATION INCLUDED IN THE CONSOLIDATED STATEMENT OF EARNINGS

	2nd QUARTER		6 MONTHS	
	2006	**2005**	**2006**	**2005**
Amortization of property, plant and equipment	**1,674**	2,009	**3,694**	4,029
Amortization of financing costs	**99**	81	**220**	159
	1,773	2,090	**3,914**	4,188

3. EARNINGS PER SHARE

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

	2nd QUARTER					
	2006			**2005**		
	Net earnings	Weighted average number of shares	Earnings per share	Net earnings	Weighted average number of shares	Earnings per share
	$		$	$		$
Basic earnings per share	10,539	19,667,649	0.54	10,267	19,498,411	0.53
Impact of stock options exercised		68,976			147,464	
Diluted earnings per share	10,539	19,736,625	0.53	10,267	19,645,875	0.52

	6 MONTHS					
	2006			**2005**		
	Net earnings	Weighted average number of shares	Earnings per share	Net earnings	Weighted average number of shares	Earnings per share
	$		$	$		$
Basic earnings per share	16,185	19,649,813	0.82	15,661	19,479,763	0.80
Impact of stock options exercised		76,798			159,823	
Diluted earnings per share	16,185	19,726,611	0.82	15,661	19,639,586	0.80

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

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

4. CAPITAL STOCK

Authorized

Unlimited number of shares

Preferred shares, issuable in series

Common shares

	JUNE 30, 2006	DECEMBER 31, 2005
	(unaudited)	(audited)
Issued and fully paid		
Balance, beginning of year: 19,599,716 common shares (19,423,289 in 2005)	**48,056**	45,601
Issue of 985 common shares for cash (1,717 in 2005)	**30**	50
Issue of 98,315 common shares on the exercise of stock options (174,710 in 2005)	**1,248**	2,405
Balance, end of period: 19,699,016 common shares (19,599,716 in 2005)	**49,334**	48,056

5. BUSINESS ACQUISITIONS

USI-AGI Prairies Inc. (USI-AGI):

On May 31, 2006, the Company acquired the shares held by its partners in the USI-AGI joint venture and now owns 100% of the shares. This company operates distribution centres and stores in the Automotive Canada segment.

Auto Craft Automotive Products, LLC (Auto Craft):

On June 1, 2006, the Company acquired the assets and assumed a portion of the liabilities of Auto Craft. This company operates distribution centres and stores in the Automotive USA segment.

Moreover, the Company acquired shares of a company growing in the Automotive Canada segment and the assets and a portion of the liabilities of five companies operating in the Automotive USA segment.

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

The preliminary purchase prices are allocated as follows:

	USI-AGI	**Auto Craft**	**Other**	**Total**
Current assets	28,978	15,252	8,479	52,709
Property, plant and equipement	1,166	773	528	2,467
Other long-term assets	318	–	–	318
Goodwill	11,351	4,403	2,381	18,135
Total assets acquired	41,813	20,428	11,388	73,629
Current liabilities	(9,801)	(133)	(3,221)	(13,155)
Long-term liabilities	(1,049)	–	–	(1,049)
Total liabilities assumed	(10,850)	(133)	(3,221)	(14,204)
Net assets acquired	30,963	20,295	8,167	59,425
Cash of company acquired	(2,047)	–	(15)	(2,062)
Net acquisition	28,916	20,295	8,152	57,363
Total consideration paid cash less cash acquired	28,290	20,295	7,793	56,378
Balance of purchase price payable	**626**	**–**	**359**	**985**

6. EMPLOYEE FUTURE BENEFITS

As at June 30, 2006, the Company's pension plans are defined benefit and defined contributions plans.

For the three-month period ended June 30, 2006, the total expense for the defined contribution pension plans was of $331 ($283 in 2005) and of $518 ($418 in 2005) for the defined benefit pension plans.

For the six-month period ended June 30, 2006, the total expense for the defined contribution pension plans was of $629 ($513 in 2005) and of $1,023 ($835 in 2005) for the defined benefit pension plans.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005
(in thousands of dollars, except for per share amounts, unaudited)

7. SEGMENTED INFORMATION

2nd QUARTER

	Automotive Canada		Automotive USA		Heavy Duty		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
	$	$	**$**	$	**$**	$	**$**	$
SALES	**133,123**	139,354	**145,990**	155,758	**15,381**	17,716	**294,494**	312,828
Earnings before interest, amortization, income taxes and non-controlling interest	**11,322**	9,968	**9,591**	9,877	**(802)**	372	**20,111**	20,217
Assets	**233,690**	212,958	**266,544**	282,560	**41,642**	38,652	**541,876**	534,170
Acquisition of property, plant and equipment	**1,679**	989	**2,247**	1,344	**48**	372	**3,974**	2,705
Acquisition of goodwill	**13,426**	173	**4,709**	–	**–**	–	**18,135**	173

6 MONTHS

	Automotive Canada		Automotive USA		Heavy Duty		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
	$	$	**$**	$	**$**	$	**$**	$
SALES	**244,128**	254,488	**282,015**	290,999	**30,865**	32,885	**557,008**	578,372
Earnings before interest, amortization, income taxes and non-controlling interest	**17,366**	15,896	**16,649**	16,105	**(1,470)**	3	**32,545**	32,004
Assets	**233,690**	212,958	**266,544**	282,560	**41,642**	38,652	**541,876**	534,170
Acquisition of property, plant and equipment	**2,303**	1,956	**2,937**	2,355	**106**	498	**5,346**	4,809
Acquisition of goodwill	**13,426**	173	**4,709**	–	**–**	–	**18,135**	173

The Automotive USA segment includes property, plant and equipment for an amount of $15,623 ($14,668 as at December 31, 2005) and goodwill for an amount of $10,706 ($6,211 as at December 31, 2005).

8. SUBSEQUENT EVENT

On July 31, 2006, the Company entered into a partnership agreement by the means of its Uni-Select Pacific Inc. joint venture with the objective of creating a joint venture in the name of Colwood-Langford Auto Supply Ltd. This joint venture operates stores in the Automotive Canada segment.

On August 1, 2006, the Company acquired the assets of Markauto Parts Inc. and Fuld & Fuld Inc., two companies operating stores in the Automotive USA segment.