Consolidated Interim Report

3

3rd quarter
period ended September 30, 2008

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MANAGEMENT REPORT

This Management Report on the operating results and cash flows of the Company for the period ended September 30, 2008 compared to the period ended September 30, 2007 and on its financial position for the period ended September 30, 2008 compared to December 31, 2007 should be read in conjunction with the consolidated financial statements and accompanying notes. The information contained in this Management Report takes into account any major event that occurred prior to November 11, 2008, on which date the financial statements and Management Report were approved by the Board of Directors of the Company. It presents the status and business context of the Company as they were, to management's best knowledge, at the time these lines were written.

Additional information on Uni-Select, including the audited financial statements as at December 31, 2007 and the Annual Information Form of the Company, is available on SEDAR's website at: www.sedar.com.

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

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

The interim financial statements for the period ended September 30, 2008 have not been reviewed by the auditors of the Company.

SUMMARY

Uni-Select recorded sales of $328,728 for the third quarter of 2008, an increase of 10.0% compared to the same quarter in 2007. With respect to net earnings, Uni-Select reports a 20.4% increase compared to the same period a year ago, having reached $12,354 or $0.63 per share. These results are due notably to the contribution of the acquisitions completed in 2007 and 2008, as well as the profitability improvement plans put in place at the end of 2007.

1. FINANCIAL HIGHLIGHTS OF THE THIRD QUARTER

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

	Third Quarters ended			Nine-month periods ended		
OPERATING RESULTS	**Sept. 30 2008**	Sept. 30 2007	**%**	**Sept. 30 2008**	Sept. 30 2007	**%**
Sales	**328,728**	298,756	10.0%	**943,057**	885,178	6.5%
Operating income (EBITDA)	**24,160**	19,965	21.0%	**63,144**	56,505	11.7%
EBITDA margin	***7.3%***	*6.7%*		***6.7%***	*6.4%*	
Earnings before income taxes and non-controlling interest	**19,901**	16,243	22.5%	**50,020**	45,188	10.7%
Net earnings	**12,354**	10,258	20.4%	**31,104**	27,761	12.0%
COMMON SHARE DATA	**Sept. 30 2008**	Sept. 30 2007		**Sept. 30 2008**	Sept. 30 2007	
Earnings and diluted earnings per share	**0.63**	0.52		**1.58**	1.41	
Dividend paid per share	**0.108**	0.108		**0.323**	0.315	
Number of shares issued and outstanding	**19,727,958**	19,736,558		**19,727,958**	19,736,558	
Weighted average number of outstanding shares	**19,727,958**	19,736,558		**19,732,080**	19,724,742	
FINANCIAL POSITION				**Sept. 30 2008**	Dec. 31 2007	
Working capital				**427,358**	326,941	
Total assets				**786,275**	615,573	
Total net indebtedness				**233,325**	134,945	
Funded debt to EBITDA				**2.77 (1)**	1.76 (1)	
Long-term debt to shareholders' equity ratio				**56.0%**	32.7%	
Return on shareholders' equity				**13.9%**	13.9%	
Book value per share				**17.19**	15.43	

(1) The increase in debt ratios is a direct result of the increase in long-term debt due to acquisitions in recent quarters. Further to the acquisition of a portion of the assets of Parts Depot, the debt has increased temporarily until current liabilities have rebuilt.

2. DESCRIPTION OF THE ACTIVITIES OF THE COMPANY

Founded in 1968, Uni-Select Inc. ("Uni-Select" or the "Company") is the second largest distributor of automotive replacement parts and accessories in Canada, and the seventh largest in the United States. Uni-Select's business is segmented into three distinct reportable sectors:

• **Automotive Group Canada**, comprised of various subsidiaries, joint ventures and divisions, specializes in the distribution of automotive replacement parts, tools and accessories across Canada. Its customer base consists primarily of 536 independent jobbers serving installers and collision repair centres, as well as large national chains of installers. Through its 13 distribution centres located in all of Canada's major regions and its 36 corporate stores, Automotive Group Canada manages some 350,000 different products, mainly national brands, which it sources from a pool of North American and international manufacturers. Besides distribution services, the group provides merchant members with a broad selection of services on a menu basis, including several differentiating marketing programs under distinctive banners, training activities, IT management tools, financing and various programs aimed at supporting its customers' operations and expansion.

• **Automotive Group USA**, whose subsidiary Uni-Select USA, Inc., owned 86.9% by the Company, conducts similar operations in the United States. This group currently operates 71 distribution centres and 303 corporate stores in 31 different states. This network provides it with coverage of approximately 70% of the U.S. registered vehicle fleet. Automotive Group USA serves some 1,544 independent merchants to whom it offers a large selection of products and services.

• **Heavy Duty Group,** of which Uni-Select's wholly-owned subsidiary Palmar Inc. is a part, is involved in the distribution and sale of replacement parts and accessories for heavy duty trucks, trailers and buses, as well as specialty tools and wheels for all types of vehicles. It operates one distribution centre in Quebec, along with 23 corporate stores in Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Ontario and Alberta.

3. ECONOMIC CONDITIONS

Risks related to Industry and Economic Conditions
Although not as cyclical as the new vehicles market, the replacement parts market relies upon previous years' new vehicle sales. The Heavy Duty Group is also affected by external factors, such as the economy and the transport industry in general.

The multiplicity of vehicle models, combined with increased longevity, translates into a proliferation of replacement parts, which forces distributors and merchants to supply a larger range of products in order to meet demand. The increase in the number of parts required to serve customers increases the requirements in terms of capital and sophistication of management. In addition, technological developments that require a constant adaptation to the market are barriers to effective penetration of the market.

The Canada/US exchange rate may affect the Company's consolidated results when converting the results of Automotive Group USA into Canadian currency. Nevertheless, the potential impact on profitability is diminished by the fact that the Company, to some extent, benefits from a natural protection in splitting its sales and purchases between the two currencies. Furthermore, the Company is of the opinion that the increase in the Canadian dollar over the last few years has resulted in deflation in the value of replacement parts sold in Canada, which has had a negative impact on sales and the profit margin.

Management has, nevertheless, taken measures to lessen the effects of these risks.

Risks Relating to the Business Model and Strategic Plan of Uni-Select
Uni-Select's business model, which is based on serving its merchant members, requires special measures to ensure the loyalty and longevity of these relationships. Uni-Select has implemented different programs to so ensure and remains proactive and open to the needs of its members (increasing product range, administrative services on a menu basis such as marketing, training and financial support).

Growth through acquisitions has its own risks. However, Uni-Select has fine-tuned its expertise in this domain. To limit risks, the Company applies a targeted and selective strategy, conducts stringent due diligence reviews and develops detailed integration plans.

4. NON GAAP PERFORMANCE MEASURES

The information contained in this report also includes some figures that are not performance measures consistent with Canadian generally accepted accounting principles ("GAAP").

For instance, the Company uses "EBITDA", which represents operating income before interests, amortization, income taxes and non-controlling interest, because this measure is a widely accepted financial indicator of a company's ability to service and incur debt. It should not be considered by an investor as an alternative to operating income or net earnings, as an indicator of operating performance or cash flows, nor as a measure of liquidity, but as complementary information. As EBITDA is not a measurement defined by Canadian GAAP, it may not be comparable to the EBITDA of other companies. In the Company's statement of earnings, EBITDA corresponds to *"Earnings before the following items"*. The EBITDA margin corresponds to the percentage of EBITDA divided by sales.

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

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

Finally, the Company uses the funded debt to EBITDA ratio which corresponds to bank indebtedness, long term debt, merchant members' deposits in guarantee funds (including current portions) and the fair value of the derivative financial instruments to EBITDA.

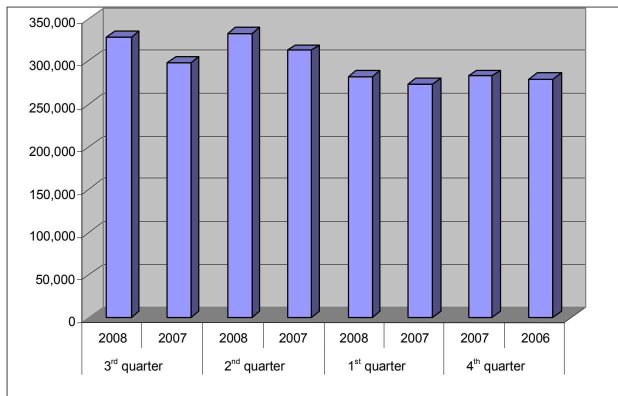
5. CONSOLIDATED QUARTERLY OPERATING RESULTS

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

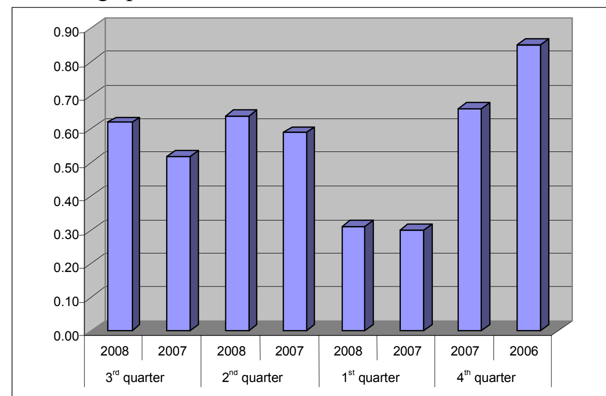
(in thousands of dollars, except for per-share amounts and percentages)

	3rd quarter		2nd quarter		1st quarter		4th quarter	
	2008	**2007**	2008	2007	2008	2007	2007	2006
Sales	**328,728**	**298,756**	332,631	313,257	281,698	273,165	283,111	279,827
Operating income (EBITDA)	**24,160**	**19,965**	24,452	23,138	14,532	13,402	23,505	30,479
EBITDA margin	***7.3%***	***6.7%***	*7.4%*	*7.4%*	*5.2%*	*4.9%*	*8.3%*	*10.9%*
Net earnings	**12,354**	**10,258**	12,689	11,675	6,061	5,828	13,080	16,677
Earnings per share	**0.63**	**0.52**	0.64	0.59	0.31	0.30	0.66	0.85
Diluted earnings per share	**0.63**	**0.52**	0.64	0.59	0.31	0.30	0.66	0.84
Dividend per share	**0.108**	**0.108**	0.108	0.108	0.108	0.10	0.108	0.10

Sales



Earnings per share



6. DISCUSSION AND ANALYSIS OF CONSOLIDATED RESULTS

(in thousands of dollars, except for percentages)

	Third Quarter			Year-to-Date		
	2008	2007	%	**2008**	2007	%
Sales	**328,728**	298,756	10.0%	**943,057**	885,178	6.5%
EBITDA	**24,160**	19,965	21.0%	**63,144**	56,505	11.7%
EBITDA margin	**7.3%**	*6.7%*		**6.7%**	*6.4%*	

Sales

The increase of $29,972 or 10.0% in sales in the third quarter ($30,641 or 10.3% excluding the depreciation of the US dollar in relation to the Canadian dollar) is attributable to the following:

- Sales generated by acquisitions completed in the previous quarters representing $40,011 or 13.3%;
- An increase in wheel sales by the Heavy Duty Group following a supply agreement with a national chain;

Partially offset by:

- The economic slowdown observed in both Canada and the USA;
- The loss of an important customer during the fourth quarter of 2007 in the Northwest region of the USA and the notable decrease in sales to another customer due to more stringent credit policies;
- The closure of under-performing US locations in regions with little growth potential.

Operating Income

The EBITDA margin increased by 0.6% to reach 7.3% mainly due to the following factors:

- An improvement in the gross margin following:
  - A larger proportion of sales to installers, as a result of store acquisitions, for which the gross margin is higher;
  - Improved buying conditions;
  - A favourable change in sales mix giving preference to warehouse shipping over direct sales from suppliers;
- A reduction in operating costs following:
  - The reorganisation of delivery routes in the USA;
  - The acceleration of the continued improvement program implemented at the end of 2007 for both Automotive Group USA and the Heavy Duty Group;
  - The realisation of synergies relating to the integration of acquisitions;

Partially offset by:

- An increase in operating expenses due to acquisitions and an increase in distribution costs to service the installers;
- The semi-variable costs that could not be lowered proportionately with the economic slowdown.

YEAR-TO-DATE ANALYSIS:

Sales

The increase of $57,879 or 6.5% in sales for the first nine months of the year ($92,443 or 10.4% excluding the depreciation of the US dollar in relation to the Canadian dollar) is mainly explained by the same factors as those that have affected the quarter; sales generated by acquisitions completed in the previous quarters represented an increase in sales of $113,648 or 12.8%.

Operating Income

The improvement of the EBITDA margin to 6.7% is mainly due to the same factors as those that have affected the quarter.

7. DISCUSSION AND ANALYSIS OF SEGMENTED RESULTS

7.1 Automotive Group USA

(in thousands of dollars, except for percentages)

	Third Quarter			Year-to-Date		
	2008	2007	%	**2008**	2007	%
Sales	**172,092**	150,077	14.7%	**490,192**	457,428	7.2%
EBITDA	**12,124**	9,336	29.9%	**33,338**	27,794	19.9%
EBITDA margin	**7.0%**	*6.2%*		**6.8%**	*6.1%*	

Sales

Automotive Group USA realized an increase of $22,015 or 14.7% in its sales over the corresponding quarter of the previous year ($22,684 or 15.1% excluding the depreciation of the US dollar in relation to the Canadian dollar). This increase is explained as follows:

- The increase in sales generated by acquisitions completed during the course of the previous quarters representing $31,584 or 21.0%. It is to be noted that the acquisition of a portion of the assets of Parts Depot, as of September 15th, 2008, only contributed for ten days to the results of the third quarter;

In part offset by:

- The closure of under-performing stores in regions with little growth potential;
- The loss of an important customer during the fourth quarter of 2007 in the Northwest region and the notable decrease in sales to another customer due to more stringent credit policies;

Operating Income

The improvement of the EBITDA margin of Automotive Group USA to 7.0% is mainly due to the following factors:

- An increase in the gross margin following:
  - An increased proportion of sales to installers stemming from the purchase of stores with more considerable gross margins;
  - An improvement in buying conditions;
  - A favourable change in sales mix giving preference to warehouse shipping over direct sales from suppliers;

- A reduction in operating costs following:
  - The reorganisation of delivery routes;
  - The acceleration of the continued improvement program implemented at the end of 2007;
  - The realisation of synergies relating to the integration of acquisitions, among which the reorganisation of distribution activities in the Philadelphia region;

In part offset by:

- An increase in operating expenses due to acquisitions and an increase in distribution costs to service installers;
- The semi-variable costs that could not be lowered proportionately with the slowdown in the US economy.

YEAR-TO-DATE ANALYSIS:

Sales

The increase of $32,764 or 7.2% in sales for the first nine months of the year ($67,328 or 14.7% excluding the depreciation of the US dollar in relation to the Canadian dollar) is mainly explained by the same factors as those that have affected the quarter; sales generated by acquisitions completed in the previous quarters representing an increase in sales of $83,729 or 18.3%.

Operating Income

The improvement of the EBITDA margin to 6.8% for the nine-month period is mainly due to the same factors as those that have affected the quarter.

7.2 Automotive Group Canada

(in thousands of dollars, except for percentages)

	Third Quarter			Year-to-Date		
	2008	2007	%	**2008**	2007	%
Sales	**136,070**	133,571	1.9%	**404,339**	383,788	5.4%
EBITDA	**11,071**	10,531	5.1%	**30,519**	30,418	0.3%
EBITDA margin	**8.1%**	*7.9%*		**7.5%**	*7.9%*	

Sales

Automotive Group Canada realized an increase of $2,499 or 1.9% in its sales over the corresponding quarter of the previous year. This situation is due to the following factors:

- The acquisitions completed during the course of previous quarters for a contribution of $8,427 or 6.3%;

In large part offset by:

- An organic decrease of 4.4% resulting from the economic slowdown mainly observed on the West coast.

Operating Income

During the third quarter, the contribution of Automotive Group Canada increased 0.2% to reach 8.1%. This improvement in the EBITDA margin is explained by the following factors:

- A higher gross margin following an increased proportion of sales to installers resulting from the acquisition of wholesalers;
- The contribution from acquisitions completed during recent quarters;
- An improvement in buying conditions;
- A favourable change in sales mix giving preference to warehouse shipping over direct sales from suppliers;

In part offset by:

- The increase in operating costs following:
  - Higher operating costs due to a larger proportion of sales to installers resulting from the acquisition of wholesalers;
  - The semi-variable costs that could not be lowered proportionately with the decrease in organic sales.

YEAR-TO-DATE ANALYSIS:

Sales

Automotive Group Canada's sales increase of $20,551 or 5.4% for the first nine months of the year is principally explained by the same factors as those that have affected the quarter; sales generated by acquisitions completed in the last quarters accounting for $29,919 or 7.8%.

Operating Income

For the nine-month period, the contribution of Automotive Group Canada decreased by 0.4%. This decrease of the EBITDA margin is mainly explained by the same factors as those that have affected the quarter, adding to those factors expenses related to the improvement of the management systems.

7.3 Heavy Duty Group

(in thousands of dollars, except for percentages)

	Third Quarter			Year-to-Date		
	2008	2007	**%**	**2008**	2007	**%**
Sales	**20,566**	15,108	36.1%	**48,526**	43,962	10.4%
EBITDA	**965**	98	884.7%	**(713)**	(1,707)	58.2%
EBITDA margin	**4.7%**	*0.6%*		**(1.5%)**	*(3.9%)*	

Sales

A 36.1% increase in sales for the Heavy Duty Group compared to the same quarter a year earlier is principally due to the conclusion of a supply agreement with a national chain.

Operating Income

The Heavy Duty Group improved its margin of 4.1%, compared to the corresponding period in 2007. The improvement in the operating margin comes from:

- A higher gross margin resulting from the different strategies implemented since last year;
- A higher proportion of semi-variable expenses absorbed by increased sales;

Offset by:

- The unfavourable sales mix negatively impacting the gross margin;
- A slowdown in the demand for heavy-duty parts.

YEAR-TO-DATE ANALYSIS:

Sales

A 10.4% increase in sales for the Heavy Duty Group compared to the nine-month period a year earlier is principally due to the factors mentioned above offset by the slowdown in the manufacturing sector in Quebec which, moreover, affected the first six months of the year.

Operating Income

The Heavy Duty Group recorded a negative margin of 1.5%, compared to a negative margin of 3.9% for the same nine-month period in 2007. This improvement is explained by the same factors already mentioned for the quarter; the benefits of the agreement with the national chain being less of a factor over the nine-month period

8. DISCUSSION AND ANALYSIS OF OTHER ITEMS AND AMOUNTS RELATING TO CONSOLIDATED RESULTS

(in thousands of dollars, except for percentages

	Third Quarter			Year-to-Date		
	2008	2007	**%**	**2008**	2007	**%**
Interest	**1,672**	1,390	20.3%	**5,162**	4,345	18.8%
Amortization	**2,587**	2,332	10.9%	**7,962**	6,972	14.2%
Income taxes	**6,571**	5,334	23.2%	**16,350**	15,338	6.6%
Tax rates	***33.0%***	*32.8%*		***32.7%***	*33.9%*	

8.1 Interest

For the quarter, the 20.3% increase (18.8% for the nine-month period) is explained by a higher level of debt compared to last year largely due to acquisitions realized in 2007 and in the beginning of 2008, partly offset by the interest rate decrease.

8.2 Amortization

The 10.9% increase in amortization costs for the third quarter (14.2% for the nine-month period) is due to the acquisitions completed in 2007 and 2008 as well as the acquisition of fixed assets in 2007 required to modernize management systems and increase the number of vehicles.

8.3 Income Taxes

During the third quarter, the effective tax rate remained stable compared to the corresponding quarter in 2007. The different geographic weighting following recent acquisitions offsetting the decrease in Canadian federal tax rate as well as the decrease in the tax rate relating to the reorganisation of our US operations.

For the nine-month period, the 1.2% tax rate decrease is explained by a decrease in the Canadian federal tax rate and a reorganisation of our US operations at the end of 2007 offset in part by a different geographic weighting following recent acquisitions.

9. CASH FLOWS

The following table summarizes cash flows.

(in thousands of dollars)

	Third Quarter		Year-to-Date	
	2008	2007	**2008**	2007
Cash flows generated by operations before working capital items	**20,444**	13,768	**46,342**	36,164
Working capital items	**(5,517)**	(10,622)	**(2,600)**	(10,547)
Operating activities	**14,927**	3,146	**43,742**	25,617
Investing activities	**(91,735)**	(57,358)	**(127,357)**	(62,416)
Financing activities	**76,779**	54,233	**83,485**	35,904
Changes in cash and cash equivalents	**(29)**	21	**(130)**	(895)

9.1 Cash Flows from Operating Activities

Cash flows from operating activities (before working capital items) improved due, in large part, to an increase in operating profits and a decrease in income taxes. This change is mainly due to an on-going inventory reduction program started in the second quarter of 2007, whose effects were noticeably felt during 2008.

9.2 Cash Flows from Investing Activities

The main investing activities in the third quarter are the following:

- In order to pursue its expansion, the Company used $87,844 in the third quarter ($117,469 for the nine-month period) in cash for business acquisitions in the USA. For further details, please refer to the accompanying notes to the quarterly financial statements;

- The Company also purchased fixed assets of $3,129 in the third quarter of 2008 ($9,295 for the nine-month period). These purchases will allow, amongst other things, the pursuit of the modernization of the management systems and the acquisition of automotive equipment to increase the number of vehicles.

The $34,377 variation in the investing activities for the third quarter of 2008 compared to 2007 is almost exclusively due to a business acquisition. As for the 64,941 variation for the nine-month period, it comes not only from the acquisitions of business and fixed assets, but also from the sale and leaseback of two warehouses in the USA and the cashing in of a temporary investment valued at $6,897.

9.3 Cash Flows used in Financing Activities

The principal financing activities in the third quarter were as follows:

- The reimbursement of bank indebtedness of $7,348 for the quarter ($6,091 for the nine-month period);
- New long-term debt of $71,349 for the quarter ($84,977 for the nine-month period) to finance a portion of the business acquisitions;
- The payment of dividends of $2,121 to holders of common shares for the third quarter ($6,364 for the nine-month period).

10. FINANCIAL POSITION

Analysis of the main items of the consolidated balance sheets.

(in thousands of dollars)

	Sept. 30 2008	Dec. 31 2007	Variance	Impact from acquisitions	Residual amount net of acquisitions	Explanation for remaining net variances
Working capital items excluding cash and cash equivalents and bank indebtedness	**470,712**	362,229	108,483	(91,714)	16,769	The increase is mainly due to the exchange rate, partly offset by a decrease in inventory.
Investments and volume rebates receivable	**8,431**	7,406	1,025	-	1,025	Principally explained by an increase of our investments in merchant members.
Fixed assets	**49,372**	41,526	7,846	(5,465)	2,381	Principally explained by the investment for the improvement in management systems and the increase in the number of vehicles as well as amortization.
Goodwill	**86,907**	64,858	22,049	(19,640)	2,409	Explained by the fluctuation of the exchange rate.
Net future taxes	**3,158**	7,611	4,453	-	4,453	Principally explained by the restatement of $3,000 between income taxes payable and future income taxes as well as by the fluctuation in the exchange rate.
Long-term debt	**182,152**	91,786	90,366	(83,135)	7,231	Mainly explained by the fluctuation of the exchange rate.

11. CAPITAL RESOURCES

Cash flows generated by operations, together with credit facilities available to the Company, are sufficient to meet the needs of the Company with respect to acquisitions, purchase of fixed assets (approximately $20,000 planned for 2008 mainly for the development of information systems and the increase in the number of vehicles) and the payment of dividends.

As at September 30, the Company had approximately $95,000 unused credit facilities available for its development ($91,000 as at December 31, 2007).

The credit facilities are composed of a revolving credit coming to term in October 2009. The credit facilities also include an operating credit which is renewable annually in October.

Derivative financial instruments are utilized to reduce interest rate risk on the Company's debt. The Company does not enter into financial instruments for trading or speculative purposes. In January 2008, the Company entered into various interest rate swap agreements as part of the Company's program to manage the floating interest rate of the Company's total debt portfolio and related overall cost of borrowing. These agreements, for an amount of $60,000, expire in three instalments of $20,000 in 2011, 2012 and 2013 and bear interest at a rate of 3.94%.

11.1 Indebtedness

(in thousands of dollars except for percentages)

	Sept. 30, 2008	Dec. 31, 2007	**%**
Shareholders' equity	**339,097**	304,573	11.3%
Total net indebtedness	**233,325**	134,945	72.9%
Total net debt to total invested capital ratio	***40.8%***	*30.7%*	

The increase of the debt ratio is directly related to the increase of the long-term debt following the acquisitions completed in recent quarters. Note that the acquisitions of the previous quarters have not contributed to the period results in the same proportion as the increase in long-term debt. Further to the acquisition of a portion of the assets of Part Depot, the debt has increased temporarily until current liabilities have rebuilt.

Uni-Select benefits from a solid financial position to pursue its current operations.

11.2 Capital stock

(in thousands of shares)

	Third Quarter		Year-to-Date	
	2008	2007	**2008**	2007
Number of shares issued and outstanding	**19,728**	19,737	**19,728**	19,737
Weighted average number of outstanding shares	**19,728**	19,737	**19,732**	19,725

For the quarter, no shares were issued.

In the course of its share redemption program, the Company has redeemed 8,600 common shares for an amount of $197 including a redemption premium of $176.

As at November 11, 2008, the Company's capital stock consists of 19,706,258 issued and outstanding shares and options to purchase 101,928 shares.

12. CHANGES IN ACCOUNTING POLICIES

Financial Instruments

On January 1, 2008, in accordance with the applicable transitional provisions, the Company adopted the new recommendations of the CICA Handbook included in Section 3862 Financial Instruments - Disclosures and Section 3863 Financial Instruments - Presentation. Section 3862 describes the required disclosures related to the significance of financial instruments on the financial position and performance of the Company and the nature and extent of risks arising from financial instruments to which the Company is exposed and how the Company manages those risks. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives.

The adoption of these Sections resulted in the Company presenting additional disclosure regarding risk management arising from financial instruments and a sensitivity analysis regarding interest rate risk. Comparative information about the nature and extent of risks arising from financial instruments is not required in the year those Sections are adopted.

Capital disclosures

On January 1, 2008, in accordance with the applicable transitional provisions, the Company adopted the new recommendations of the CICA Handbook included in Section 1535 Capital Disclosures. This Section establishes standards for disclosing information about the capital of the Company and how it is managed to enable users of financial statements to evaluate the objectives, policies and procedures of the Company for managing capital.

Inventories

On January 1, 2008, in accordance with the applicable transitional provisions, the Company adopted the new recommendations of the CICA Handbook included in Section 3031 Inventories. This Section provides new guidance on the determination of cost and its subsequent recognition as an expense, including any write-downs to the net realizable value as well as on the cost formulas that are used to assign costs to inventories. The Section also requires additional disclosure.

The adoption of this Section resulted in the Company expanding its disclosure in a new note on inventory.

13. FUTURE ACCOUNTING STANDARDS

International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board confirmed that the use of International Financial Reporting Standards (“IFRS”) established by the International Accounting Standards Board will be required for fiscal years beginning January 1st, 2011 for publicly accountable profit-oriented enterprises. IFRS will replace Canada’s current GAAP for those enterprises.

The Company is currently establishing a convergence plan and evaluating the impact of the adoption of IFRS on its consolidated financial statements.

Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064 Goodwill and intangible assets in replacement of Section 3062 Goodwill and other intangible assets. Various changes have been made to other sections of the CICA Handbook for consistency purposes. This new standard is applicable to fiscal years beginning on or after October 1st, 2008. The new Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets subsequent to their initial recognition. The Company will implement this standard in its first quarter of fiscal year 2009 and is currently evaluating the impact of its adoption on its consolidated financial statements.

14. INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The President and Chief Executive Officer and the Vice President and Chief Financial Officer have evaluated whether there were changes to internal controls over financial reporting during the quarter ended September 30, 2008 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting. No such changes were identified through their evaluation.

15. SUBSEQUENT EVENT

On October 27, 2008, the Company entered into two interest rate swap agreements for the nominal amount of $30,000 each as part of the Company's program to manage the floating interest rate, the whole as set out in note 13 to the financial statements. These agreements bear interest at rates of 3.50% and 3.35% and expire in three instalments of $20,000 in 2011, 2012 and 2013.

16 PERSPECTIVES

The continued improvement, integration and reorganization programs put in place in 2007, combined with the contribution of recent acquisitions, will allow the Company to offset the effects of the economic environment currently prevailing in North America. The Company is confident that these programs, as well as sales efforts, should continue to improve margins and profitability during the fourth quarter of 2008. The fourth quarter will also benefit from the contribution of certain assets acquired from Parts Depot at the end of the third quarter.

Richard G. Roy, CA
President and Chief Executive Officer

Denis Mathieu, CA
Vice President and Chief Financial Officer

Approved by the Audit Committee on November 10, 2008 and by the Board of Directors on November 11, 2008.

Uni-Select Inc.

Consolidated Interim Financial Statements
September 30, 2008 and 2007

Financial Statements

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Notice related to the review of interim financial statements

The consolidated interim financial statements for the period ended September 30, 2008 have not been reviewed by the auditors of the Company.

CONSOLIDATED EARNINGS
THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007
(in thousands of dollars, except earnings per share, unaudited)

	3rd QUARTER		9 MONTHS	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
SALES	**328,728**	298 756	**943,057**	885,178
Earnings before the following items	**24,160**	19 965	**63,144**	56,505
Interest (Note 4)	**1,672**	1 390	**5,162**	4,345
Amortization (Note 4)	**2,587**	2 332	**7,962**	6,972
	4,259	3 722	**13,124**	11,317
Earnings before income taxes and non-controlling interest	**19,901**	16,243	**50,020**	45,188
Income taxes				
Current	**1,983**	4,750	**11,471**	15,874
Future	**4,588**	584	**4,879**	(536)
	6,571	5,334	**16,350**	15,338
Earnings before non-controlling interest	**13,330**	10,909	**33,670**	29,850
Non-controlling interest	**976**	651	**2,566**	2,089
Net earnings	**12,354**	10,258	**31,104**	27,761
Basic earnings and diluted earnings per share (Note 5)	**0.63**	0.52	**1.58**	1.41
Number of issued and outstanding shares	**19,727,958**	19,736,558	**19,727,958**	19,736,558

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

CONSOLIDATED RETAINED EARNINGS
THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007
(in thousands of dollars, unaudited)

	9 MONTHS	
	2008	**2007**
	$	**$**
Balance, beginning of period	**287,712**	255,355
Net earnings	**31,104**	27,761
	318,816	283,116
Redemption of common shares [a]	**176**	-
Dividends	**6,364**	6,363
Balance, end of period	**312,276**	276,753

[a] During the second quarter, the Company redeemed 8,600 common shares for a cash consideration of $197 including a share redemption premium of $176.

CONSOLIDATED COMPREHENSIVE INCOME
THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007
(in thousands of dollars, unaudited)

	3rd QUARTER		9 MONTHS	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Net earnings	**12,354**	10,258	**31,104**	27,761
Other comprehensive income:				
Unrealized losses on derivative financial instruments designated as cash flow hedges, net of income taxes of $218 and $224 for the three-month and the nine-month periods respectively	**(468)**	-	**(481)**	-
Reclassification of realized gains (losses) to net earnings on derivative financial instruments designated as cash flow hedges, net of income taxes of ($53) and ($120) for the three-month and the nine-month periods respectively ($20 and $62 in 2007)	**113**	(45)	**257**	(134)
Unrealized gains (losses) on translating financial statements of self-sustaining foreign operations	**5,413**	(8,440)	**10,206**	(18,879)
Other comprehensive income	**5,058**	(8,485)	**9,982**	(19,013)
Comprehensive income	**17,412**	1,773	**41,086**	8,748

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

CONSOLIDATED CASH FLOWS
THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007
(in thousands of dollars, except dividends paid per share, unaudited)

	3rd QUARTER		9 MONTHS	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
OPERATING ACTIVITIES				
Net earnings	**12,354**	10,258	**31,104**	27,761
Non-cash items				
Amortization	**2,587**	2,332	**7,962**	6,972
Amortization of deferred gain on a sale-leaseback arrangement	**(61)**	(57)	**(169)**	(122)
Future income taxes	**4,588**	584	**4,879**	(536)
Non-controlling interest	**976**	651	**2,566**	2,089
	20,444	13,768	**46,342**	36,164
Changes in working capital items	**(5,517)**	(10,622)	**(2,600)**	(10,547)
CASH FLOWS FROM OPERATING ACTIVITIES	**14,927**	3,146	**43,742**	25,617
INVESTING ACTIVITIES				
Temporary investments	**-**	-	**-**	6,897
Business acquisitions (Note 6)	**(87,844)**	(55,279)	**(117,469)**	(71,335)
Non-controlling interest	**-**	-	**-**	(178)
Investments	**(1,094)**	-	**(1,419)**	-
Advances to merchant members	**(679)**	(388)	**(2,692)**	(1,535)
Receipts on advances to merchant members	**890**	938	**3,221**	2,795
Fixed assets	**(3,129)**	(2,656)	**(9,295)**	(6,643)
Disposal of fixed assets	**121**	27	**297**	7,583
CASH FLOWS FROM INVESTING ACTIVITIES	**(91,735)**	(57,358)	**(127,357)**	(62,416)
FINANCING ACTIVITIES				
Bank indebtedness	**7,348**	16,913	**6,091**	3,025
Balance of purchase price	**837**	(108)	**837**	(1,006)
Financing costs	**-**	-	**(414)**	-
Long-term debt	**71,349**	39,890	**84,977**	41,708
Repayment of long-term debt	**(615)**	(321)	**(1,587)**	(1,807)
Merchant members' deposits in guarantee fund	**(19)**	(19)	**142**	(333)
Issuance of shares	**-**	-	**-**	528
Share redemption	**-**	-	**(197)**	-
Dividends paid	**(2,121)**	(2,122)	**(6,364)**	(6,211)
CASH FLOWS FROM FINANCING ACTIVITIES	**76,779**	54,233	**83,485**	35,904
Increase (decrease) in cash and cash equivalents	**(29)**	21	**(130)**	(895)
Cash and cash equivalents, beginning of period	**498**	214	**599**	1,130
Cash and cash equivalents, end of period	**469**	235	**469**	235
Dividends paid per share	**0.108**	0.108	**0.323**	0.315

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

CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2008 AND 2007 AND DECEMBER 31, 2007
(in thousands of dollars, unaudited)

	SEPT. 30, 2008	SEPT. 30, 2007	DEC. 31, 2007 Audited
	$	**$**	**$**
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	**469**	235	**599**
Accounts receivable	**187,540**	151,831	**141,043**
Income taxes receivable	**8,526**	7,533	**1,370**
Inventory (Note 7)	**429,756**	325,496	**341,545**
Prepaid expenses	**5,382**	5,705	**4,959**
Derivative financial instrument	**-**	58	**-**
Future income taxes	**6,122**	6,628	**8,671**
	637,795	497,486	**498,187**
Investments and volume discounts receivable	**8,431**	6,311	**7,406**
Fixed assets	**49,372**	40,033	**41,526**
Financing costs	**759**	560	**488**
Covenants not to compete	**230**	372	**330**
Goodwill	**86,907**	59,301	**64,858**
Future income taxes	**2,781**	1,806	**2,778**
	786,275	605,869	**615,573**
LIABILITIES			
CURRENT LIABILITIES			
Bank indebtedness (Note 8)	**43,823**	27,097	**35,887**
Accounts payable	**163,181**	146,105	**132,660**
Dividends payable	**2,122**	2,122	**2,122**
Instalments on long-term debt and on merchant members' deposits in guarantee fund	**36**	101	**577**
Future income taxes	**1,275**	501	**-**
	210,437	175,926	**171,246**
Deferred gain on a sale-leaseback arrangement	**2,339**	2,429	**2,338**
Long-term debt	**182,152**	92,854	**91,786**
Merchant members' deposits in guarantee fund	**7,783**	7,783	**7,294**
Derivative financial instrument	**328**	-	**-**
Future income taxes	**4,470**	4,817	**3,838**
Non-controlling interest	**39,669**	27,041	**34,498**
	447,178	310,850	**311,000**
SHAREHOLDERS' EQUITY			
Capital stock	**49,850**	49,872	**49,872**
Retained earnings	**312,276**	276,753	**287,712**
Accumulated other comprehensive income (Note 9)	**(23,029)**	(31,606)	**(33,011)**
	289,247	245,147	**254,701**
	339,097	295,019	**304,573**
	786,275	605,869	**615,573**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007
(in thousands of dollars, except for per share amounts, unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and do not include all disclosures required for complete financial statements. They are also consistent with the accounting policies outlined in the audited financial statements of the Company for the year ended December 31, 2007. The interim financial statements and related notes should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2007. When necessary, the financial statements include amounts based on informed estimates and the best judgment of management. The operating results for the interim periods reported are not necessarily indicative of results to be expected for the year.

2. CHANGES IN ACCOUNTING POLICIES

Financial instruments

On January 1, 2008, in accordance with the applicable transitional provisions, the Company adopted the new recommendations of the CICA Handbook included in Section 3862 *Financial Instruments - Disclosures* and Section 3863 *Financial Instruments - Presentation* . Section 3862 describes the required disclosures related to the significance of financial instruments on the financial position and performance of the Company and the nature and extent of risks arising from financial instruments to which the Company is exposed and how the Company manages those risks. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives.

The adoption of these Sections resulted in the Company presenting additional disclosure regarding risk management arising from financial instruments and a sensitivity analysis regarding interest rate risk. Comparative information about the nature and extent of risks arising from financial instruments is not required in the year those Sections are adopted.

Capital disclosures

On January 1, 2008, in accordance with the applicable transitional provisions, the Company adopted the new recommendations of the CICA Handbook included in Section 1535 *Capital Disclosures* . This Section establishes standards for disclosing information about the capital of the Company and how it is managed to enable users of financial statements to evaluate the objectives, policies and procedures of the Company for managing capital.

Inventories

On January 1, 2008, in accordance with the applicable transitional provisions, the Company adopted the new recommendations of the CICA Handbook included in Section 3031 *Inventories* . This Section provides new guidance on the determination of cost and its subsequent recognition as an expense, including any write-downs to the net realizable value as well as on the cost formulas that are used to assign costs to inventories. The Section also requires additional disclosure.

3. ACCOUNTING POLICIES

Cost of inventory

Cost of inventory recognized as an expense includes cost of goods sold for distribution centres and corporate stores and warehouse expenses, delivery expenses and occupancy costs for distribution centres.

Comparative figures

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

4. INFORMATION INCLUDED IN THE CONSOLIDATED EARNINGS

	3rd QUARTER		9 MONTHS	
Interest	**2008**	**2007**	**2008**	**2007**
	$	$	$	$
Interest on bank indebtedness	**553**	628	**2,078**	2,013
Interest on long-term debt	**1,183**	1,070	**3,261**	3,042
Interest on merchant members' deposits in guarantee fund	**86**	91	**268**	298
	1,822	1,789	**5,607**	5,353
Interest income on cash and cash equivalents	**(11)**	(226)	**(32)**	(603)
Interest income from merchant members	**(139)**	(173)	**(413)**	(405)
	1,672	1,390	**5,162**	4,345
Amortization				
Amortization of fixed assets	**2,485**	2,206	**7,663**	6,572
Amortization of other assets	**102**	126	**299**	400
	2,587	2,332	**7,962**	6,972

5. EARNINGS PER SHARE

Weighted average number of shares for the calculation of basic earnings per share is 19,727,958 for the three-month period ended September 30, 2008 (19,736,558 in 2007) and 19,732,080 for the nine-month period ended September 30, 2008 (19,724,742 in 2007). Impact of stock options exercised is 18,644 shares for the three-month period ended September 30, 2008 (27,346 in 2007) and 20,554 for the nine-month period ended September 30, 2008 (33,533 in 2007) which total a weighted average number of shares of 19,746,602 for the three-month period ended September 30, 2008 (19,763,904 in 2007) and 19,752,634 for the nine-month period ended September 30, 2008 (19,758,275 in 2007) for calculation of diluted earnings per share.

6. BUSINESS ACQUISITIONS

In 2008, the Company acquired the shares of two companies in the Automotive Canada segment as well as a portion of the assets and liabilities of one company operating in the Automotive Canada segment and four companies in the Automotive USA segment, one of which is Parts Depot.

In addition, the Company increased its interest by 3.85% in its joint venture, Uni-Select Pacific Inc. Following this transaction, the Company's interest in the joint venture increased from 65.38% to 69.23%. This transaction was carried out at the carrying amount.

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

The preliminary purchase price is allocated as follows, including acquisition costs of $361:

	Parts Depot [(1)]	Other	Total
			$
Current assets	72,010	32,388	104,398
Fixed assets	4,288	1,178	5,466
Other long-term assets	676	22	698
Goodwill	11,423	8,217	19,640
Current liabilities	(914)	(11,488)	(12,402)
Long-term liabilities	-	(48)	(48)
	87,483	30,269	117,752
Cash of companies acquired	31	249	280
Total consideration paid less cash acquired	87,452	30,017	117,469
Balance of purchase price payable	-	3	3

(1) Acquisition of a portion of the assets on September 15, 2008.

7. INVENTORY

Cost of inventory recognized as an expense for the three-month period ended September 30, 2008 is $248,619 ($234,679 in 2007) and $722,748 for the nine-month period ended September 30, 2008 ($694,559 in 2007).

For the three-month and nine-month periods ended September 30, 2008 and 2007, net earnings were not affected by write-downs of inventories.

8. CREDIT FACILITY

The Company has a credit facility in the amount of $325,000. This credit facility is composed of a $235,000 revolving credit expiring in October 2011. The credit facility also includes a $90,000 operating credit which is also used for the issuance of letters of guarantee and is renewable annually in October. As at September 30, 2008, the issued letters of guarantee totalled $5,639 ($5,010 as at December 31, 2007).

The interest rates vary according to the type of loan and the financial ratios achieved by the Company and are set each quarter. As at September 30, 2008, interest rates vary between 3.81% and 5.50% (5.35% and 7.75% as at December 31, 2007).

9. ACCUMULATED OTHER COMPREHENSIVE INCOME

	SEPTEMBER 30, 2008	DEC. 31, 2007
	$	$
Balance, beginning of period	**(33,011)**	-
Balance, as previously reported	-	(12,766)
Cumulative impact of accounting changes relating to financial instruments (net of income taxes of $81)	-	173
Balance, as restated	**(33,011)**	(12,593)
Other comprehensive income for the period	**9,982**	(20,418)
Balance, end of period	**(23,029)**	(33,011)

10. EMPLOYEE FUTURE BENEFITS

As at September 30, 2008, the Company's pension plans are defined benefit and contribution plans.

For the three-month period ended September 30, 2008, the total expense for the defined contribution pension plans was $241 (($33) in 2007) and $601 ($575 in 2007) for the defined benefit pension plans.

For the nine-month period ended September 30, 2008, the total expense for the defined contribution pension plans was $758 ($879 in 2007) and $1,802 ($1,780 in 2007) for the defined benefit pension plans.

11. GUARANTEES

As per inventory repurchase agreements, the Company has made a commitment to financial institutions to repurchase inventories from some of its customers at a rate of 60% to 75% of the value of inventories for a maximum amount of $66,751 ($61,870 as at December 31, 2007). In the event of proceedings, the inventories would be liquidated in the normal course of the Company's operations. These agreements are for an undetermined period of time. In management's opinion, the likelihood of major payments being made and losses being absorbed is low, since the value of the assets held in guarantee is significantly higher than the Company's commitments.

12. CAPITAL MANAGEMENT

Guided by its low-asset-base-high-utilization philosophy, the Company's objectives when managing capital are:

- Maintain a maximum total net debt / invested capital ratio of 40% to 45%;
- Grant shareholders a growth of the value of their shares by maintaining a return on shareholders' equity of 15% on a long-term basis and paying an annual dividend representing about 20% of the net earnings of the previous year;
- Maintain a maximum funded debt / EBITDA ratio of 3.0 to 3.5.

In the management of capital, the Company includes shareholders' equity, long-term debt, merchant members deposits in guarantee funds and bank indebtedness net of cash and cash equivalents.

The Company manages the capital structure and makes adjustments to it in light of the changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company has several tools, notably a share repurchase-for-cancellation program pursuant to normal course issuer bids and a flexible credit facility allowing it to react quickly to business opportunities. Also, the Company constantly analyzes working capital levels, notably inventory, to ensure that the optimal level is maintained and regularly adjusts quantity to satisfy demand as well as the level of diversification required by customers.

The Company monitors capital on a number of bases, including: total net debt / invested capital ratio, long-term debt / equity ratio, funded debt / EBITDA ratio and return on shareholders' equity ratio.

For the first nine months of 2008, the results of the Company regarding its objectives when managing capital are the following:

	SEPTEMBER 30, 2008	DEC. 31, 2007
Total net debt / invested capital ratio (2) (3)	40.8%	30.7%
Long-term debt / equity ratio (2) (3)	56.0%	32.7%
Funded debt / EBITDA ratio (1) (2) (3)	2.77	1.76
Return on shareholders' equity ratio (1) (3)	13.9%	13.9%

(1) These ratios are calculated over the last 12 months.

(2) Increase in debt ratios comes directly from the increase of long-term debt due to the acquisitions in the last quarters. Further to the acquisition of a portion of the assets of Parts Depot, the debt has increased temporarily until current liabilities have rebuilt.

(3) Notably, acquisitions in the last quarters such as the acquisition of a portion of the assets of Parts Depot did not contribute to the results of the last 12-month period ended September 30, 2008 proportionnally to the increase in long-term debt.

Regarding the credit facility, the Company is required to comply with certain financial ratios which it has done as at September 30, 2008 and December 31, 2007.

13. FINANCIAL INSTRUMENTS

Classification of financial instruments, carrying amount and fair value

Classification of financial instruments as well as their carrying amount and fair value at September 30, 2008 are summarized in the following table:

					Carrying amount	Fair value
	Derivative financial instruments $	Held-for-trading $	Loans and receivables (1) $	Other financial liabilities $	**Total** $	$
Financial Assets						
Cash and cash equivalents	-	469	-	-	**469**	**469**
Accounts receivable	-	-	187,540	-	**187,540**	**187,540**
Investments and volume discounts receivable	-	-	8,431	-	**8,431**	**8,431**
	-	469	195,971	-	**196,440**	**196,440**
Financial Liabilities						
Bank indebtedness	-	-	-	43,823	**43,823**	**43,823**
Accounts payable	-	-	-	163,181	**163,181**	**163,181**
Dividends payable	-	-	-	2,122	**2,122**	**2,122**
Derivative financial instrument	328			-	**328**	**328**
Long-term debt	-	-	-	182,188	**182,188**	**182,188**
Merchant members' deposits in guarantee fund	-	-	-	7,783	**7,783**	**7,783**
	328	-	-	399,097	**399,425**	**399,425**

(1) Interest income on loans and receivables for the three-month period ended September 30, 2008 represents $385 ($364 in 2007) and $1,023 for the nine-month period ended September 30, 2008 ($979 in 2007).

13. FINANCIAL INSTRUMENTS (Continued)

The fair value of accounts receivable, volume discounts receivable, bank indebtedness, accounts payable and dividends payable approximates their carrying amount given the short-term nature of the instruments.

The fair value of investments, long-term debt and merchant members' deposits in guarantee fund is equivalent to their carrying amount since they substantially bear interest at a rate that fluctuates with changes in the prevailing rate.

Derivative financial instruments

During the first quarter of 2008, the Company entered into agreements to swap variable interest rates for a nominal amount of $60,000 for fixed rates ($0 at fixed rates against variable rates at December 31, 2007). The swap agreements, at a rate of 3.94%, expire in three equal portions of $20,000 on January 2011, 2012 and 2013. The fair value of the interest rate swaps is calculated using quotes for similar instruments on the balance sheet date obtained by the Company's financial institution and represents an amount receivable by the Company of $328 ($0 at December 31, 2007) (see Note 16).

Management of risks arising from financial instruments

In the normal course of business, the Company has market exposure primarily consisting of credit risk, liquidity risk, foreign exchange risk and interest rate risk. The Company manages these risk exposures on a ongoing basis. In order to limit the effects of changes in interest rates on its revenues, expenses and cash flows, the Company avails itself of derivative financial instruments.

Credit risk

Credit risk stems primarily from the potential inability of clients to discharge their obligations. The maximum credit risk to which the Company is exposed as at September 30, 2008 represents the carrying amount of accounts receivable and investments and volume discounts receivable.

No account represents more than 10% of total accounts receivable. In order to manage its risk, specific credit limits are determined for certain accounts and reviewed regularly by the Company. Also, the Company holds in guarantee personal property as well as assets of certain customers and those customers are required to contribute to a fund to guarantee a portion of their amounts due to the Company, being the merchant members deposits in guarantee funds. Finally, customers' financial health is examined regularly and monthly analysis are presented to management to ensure that past due amounts are collectible and, if necessary, that measures are taken to limit credit risk. Historically, the Company has never made any significant write-off of its accounts receivable as proven by the average bad debt on sales rate of 0.1% for the last three years.

As at September 30, 2008, past-due accounts receivable represent $11,521 and an allowance for doubtful accounts of $3,882 is provided.

Allowance for doubtful accounts and accounts receivable are reviewed at least quarterly and a bad-debt expense is recognized only for accounts receivable for which collection is uncertain.

	$
Balance at December 31, 2007	2,924
Bad-debt expense	1,652
Write-off	(694)
Balance at September 30, 2008	3,882

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations on time or at a reasonable cost. The Company manages its liquidity risk on a consolidated basis by using financing sources to maintain its maneuverability, taking into account its operating needs, tax situation and capital requirements. The Company prepares budget cash forecasts to ensure that is has sufficient funds to meet its obligations.

The Company has a renewable credit facility in the amount of $325,000 (Note 8). As at September 30, 2008, the Company benefits from an unused credit facility of approximately $95,000.

Because of cash flows generated by operations and financial resources available, management believes that the liquidity risk is minimal.

Foreign exchange risk

The Company is exposed to foreign exchange risk due to cash held in currency other than that of the reporting entity and due to merchandise and equipment purchased in U.S. dollars. Management considers that fluctuations in the U.S. dollar versus the Canadian dollar will have a minimal impact on net earnings.

Interest rate risk

The Company is exposed to interest rate fluctuations, primarily due to its variable rate debts. The Company manages its interest rate exposure by maintaining an adequate balance of fixed versus variable rate debt by concluding swap agreements to exchange variable rates for fixed rates. As at September 30, 2008, the fixed rate portion of financial debt represents 29% of the total, while the variable rate portion represents 71% (see Note 16).

A 25 basis points rise or fall in interest rates, assuming that all other variables remain the same, would have resulted in a $38 decrease or increase, respectively, in the Company's net earnings for the three-month period ended September 30, 2008 and $125 for the nine-month period, whereas other comprehensive income would have resulted in a $311 increase or decrease, respectively for both the three-month and nine-month periods.

14. SEGMENTED INFORMATION

	3rd QUARTER							
	Automotive Canada		Automotive USA		Heavy Duty		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	$	$	**$**	$	**$**	$	**$**	$
Sales	**136,070**	133,571	**172,092**	150,077	**20,566**	15,108	**328,728**	298,756
Earnings before interests, amortization, income taxes and non-controlling interest	**11,071**	10,531	**12,124**	9,336	**965**	98	**24,160**	19,965
Assets	**260,679**	230,637	**483,676**	339,029	**41,920**	36,203	**786,275**	605,869
Acquisition of fixed assets	**1,037**	1,720	**6,184**	5,380	**30**	22	**7,251**	7,122
Acquisition of goodwill	**103**	(42)	**11,597**	15,720	**-**	-	**11,700**	15,678

	9 MONTHS							
	Automotive Canada		Automotive USA		Heavy Duty		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	$	$	**$**	$	**$**	$	**$**	$
Sales	**404,339**	383,788	**490,192**	457,428	**48,526**	43,962	**943,057**	885,178
Earnings before interest, amortization, income taxes and non-controlling interest	**30,519**	30,418	**33,338**	27,794	**(713)**	(1,707)	**63,144**	56,505
Assets	**260,679**	230,637	**483,676**	339,029	**41,920**	36,203	**786,275**	605,869
Acquisition of fixed assets	**4,440**	3,648	**10,209**	8,142	**112**	81	**14,761**	11,871
Acquisition of goodwill	**7,751**	1,464	**11,889**	17,316	**-**	-	**19,640**	18,780

The Automotive USA segment includes fixed assets for an amount of $23,818 ($16,273 as at September 30, 2007) and goodwill for an amount of $49,006 ($31,487 as at September 30, 2007).

15. FUTURE ACCOUNTING STANDARDS

International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board confirmed that the use of International Financial Reporting Standards (“IFRS”) established by the International Accounting Standards Board will be required for fiscal years beginning January 1st, 2011 for publicly accountable profit-oriented enterprises. IFRS will replace Canada’s current GAAP for those enterprises.

The Company is currently establishing a convergence plan and evaluating the impact of the adoption of IFRS on its consolidated financial statements.

Goodwill and intangible assets

In February 2008, the CICA issued Handbook Section 3064 *Goodwill and intangible assets* in replacement of Section 3062 *Goodwill and other intangible assets*. Various changes have been made to other sections of the CICA Handbook for consistency purposes. This new standard is applicable to fiscal years beginning on or after October 1st, 2008. The new Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets subsequent to their initial recognition. The Company will implement this standard in its first quarter of fiscal year 2009 and is currently evaluating the impact of its adoption on its consolidated financial statements.

16. SUBSEQUENT EVENT

On October 27, 2008, the Company entered into two interest rate swap agreements for the nominal amount of $30,000 each as part of the Company's program to manage the floating interest rate, the whole as set out in Note 13. These agreements bear interest at rates of 3.50% and 3.35% and expire in three equal portions of $20,000 in 2011, 2012 and 2013.