40 YEARS OF CONSTANT GROWTH

ANNUAL REPORT 2008

UNI-SELECT®

OUR MISSION __ To grow Uni-Select into the leading distributor of automotive parts and related products while creating shareholder value by expertly managing its supply chain and by driving its sales and marketing teams to meet the needs of the market and our customers.

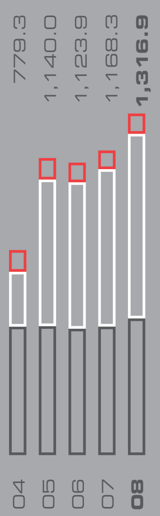
For 40 years, Uni-Select has been true to this mission. In 1968, twelve businessmen decided to join forces to form a purchasing group for aftermarket parts. Today, more than 5,600 employees contribute to the growth of an important North-American enterprise. All share the same values of innovation, excellence and commitment, as well as a partnership spirit that allows them to meet, year after year, tangible objectives of growth and profitability.

2008 ACHIEVEM

Growth

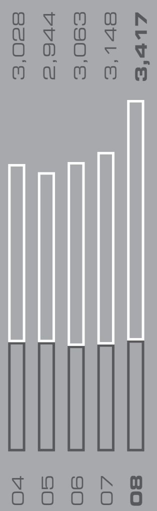
2008 was a key year for Uni-Select's future development with a consolidating of the gains from recent years and the second most important acquisition in its history in the United States.

Consolidated sales rose by 12.7%; 6.3% in Canada, 18.3% in the U.S. and 9.8% in the Heavy Duty Group



SALES

Heavy Duty
USA
Canada



NUMBER OF STORES SERVED IN THE AUTOMOTIVE SEGMENT*

USA
Canada

* Including merchant members' stores and the Company's corporate stores

Major acquisitions

a. In the U.S., we reached a critical mass for a strategic development in the eastern United States

   i. Acquisition of certain assets of Parts Depot (9 distribution warehouses and 67 parts stores) in the states of North and South Carolina, Virginia, Maryland and Georgia, with annual sales of $170M.

   ii. Acquisition of Beck/Arnley Worldparts Corp., a supplier of parts for import cars that will expand our coverage and offering to specialists and repair outlets in North America.

b. In Canada

   i. Acquisition of Replacement Parts Depot Limited with additional sales of more than $25M

Integration of acquisitions and national accounts

a. In the U.S., integration of Consumer Auto Parts, Parts Distributors, Thompson, and Autocraft completed at 85%

b. In Canada, integration pursuant to agreements with Canadian Tire Corporation, LAR and MDA Co-Auto

Service

Uni-Select: a top-tier partner for independent wholesalers and installers through an efficient distribution and store network.

Automotive Group USA

a. Additional distribution synergies and consolidation of recent acquisitions with significant cost reductions

b. Creation of positions of Vice President, Corporate Stores and Vice President, Marketing and Product Management, North America

c. Signing of an agreement with New York State pertaining to the management of their commercial fleets

d. Development and follow up of rigorous profit-improvement plans

e. Development and implementation of integrated warehouse and inventory management systems

Automotive Group Canada

a. Interesting growth potential in retail sales through national partnerships

b. Incentive programs for regional managers and restructuring of loyalty programs such as Elite and SAX

c. Development of the "One Network", a management system for wholesalers and distributors

d. Centralization of replenishment functions in Boucherville with an inventory management system

Heavy Duty Group

a. Agreement with Canadian Tire in the specialized wheel segment

b. Clear improvement in profit margin and inventory management

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Profitability

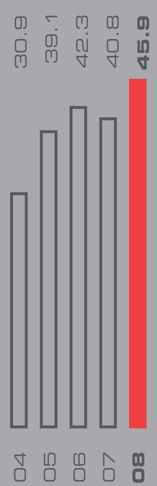
Uni-Select recorded an increase in sales in 2008 with a consolidated operating margin of 7.0%.

Uni-Select created value for its shareholders in spite of a challenging economic climate

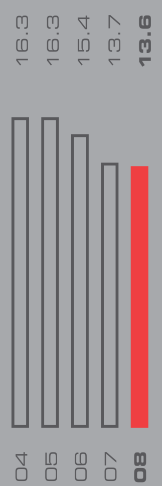
a. Net earnings of $46M or $2.33 per share

b. Return of 13.6% on average shareholder equity

c. Dividend of $0.43 per share



NET EARNINGS
(in $M)



RETURN ON AVERAGE SHAREHOLDERS' EQUITY
(in %)

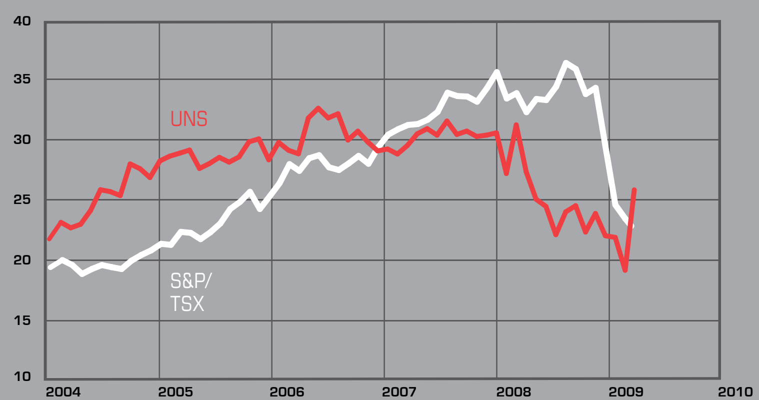
Consolidated EBITDA rose to $92.5M

a. EBITDA for Automotive Group Canada reached $45.0M

b. EBITDA for Automotive Group USA rose to $46.7M

c. EBITDA for Heavy Duty Group reached $0.8M

Average price of UNS shares



Uni-Select posted an operating margin of 7% for all its operations and remains capable of tackling economic challenges due to the nature and the outlook of its segment of the automotive industry.

OBJECTIVES 2008/2012

Foster expansion

a. Capitalize on acquisition opportunities

b. Seek out National purchasing agreements

Facilitate organic growth

a. Continue accelerated growth in certain specific niches (collision repair supplies, cooling, parts for foreign nameplate vehicles)

b. Open new distribution channels (retail sales, fleets, Internet)

c. Integrate acquisitions and new customer accounts

Increase efficiency with high-performance computer systems

a. Paperless warehouse management system

b. Inventory management system

c. Entreprise Resource Planning System

FINANCIAL HIGHLIGHTS

(in $M, except for per-share amounts and percentages)

Years Ended December 31, [1]	2008	2007	2006	2005	2004
OPERATING RESULTS					
Sales	**1,316.9**	1,168.3	1,123.9	1,140.0	779.3
Variation	**12.7 %**	4.0 %	-1.4 %	46.3 %	9.3 %
Operating income (EBITDA) [2]	**92.5**	80.0	81.8	74.1	50.9
Variation	**15.6 %**	-2.2 %	10.4 %	45.6 %	9.7 %
Operating profit margin (EBITDA) [2]	**7.0 %**	6.8 %	7.3 %	6.5 %	6.5 %
Net earnings	**45.9**	40.8	42.3	39.1	30.9
Variation	**12.5 %**	-3.5 %	8.2 %	26.3 %	14.9 %
Net profit margin	**3.5 %**	3.5 %	3.8 %	3.4 %	4.0 %
Return on average shareholders' equity	**13.6 %**	13.7 %	15.4 %	16.3 %	16.3 %
Return on average net assets	**10.6 %**	11.4 %	12.8 %	13.6 %	15.4 %
FINANCIAL POSITION					
Working capital	**477.6**	326.9	301.9	294.2	258.4
Shareholders' equity	**372.7**	304.6	291.9	255.6	223.9
Total assets	**874.1**	615.6	572.5	494.0	482.4
Long-term debt / equity	**58.4 %**	32.7 %	24.5 %	28.2 %	31.8 %
Total net debt / invested capital	**35.8 %**	30.7 %	23.9 %	16.3 %	22.3 %
COMMON SHARE DATA					
Book value	**18.92**	15.43	14.82	13.04	11.53
Net earnings	**2.33**	2.07	2.15	2.00	1.67
Dividend	**0.43**	0.42	0.38	0.31	0.34 [3]
Number of shares issued at year end	**19,694,358**	19,736,558	19,699,334	19,599,716	19,423,289 [4]
Weighted average number of outstanding shares	**19,724,417**	19,727,720	19,674,768	19,516,512	18,539,196 [4]

(1) Certain figures relating to years prior to 2006 have been reclassified to reflect the application of new accounting policies, including EIC-156 in 2006.

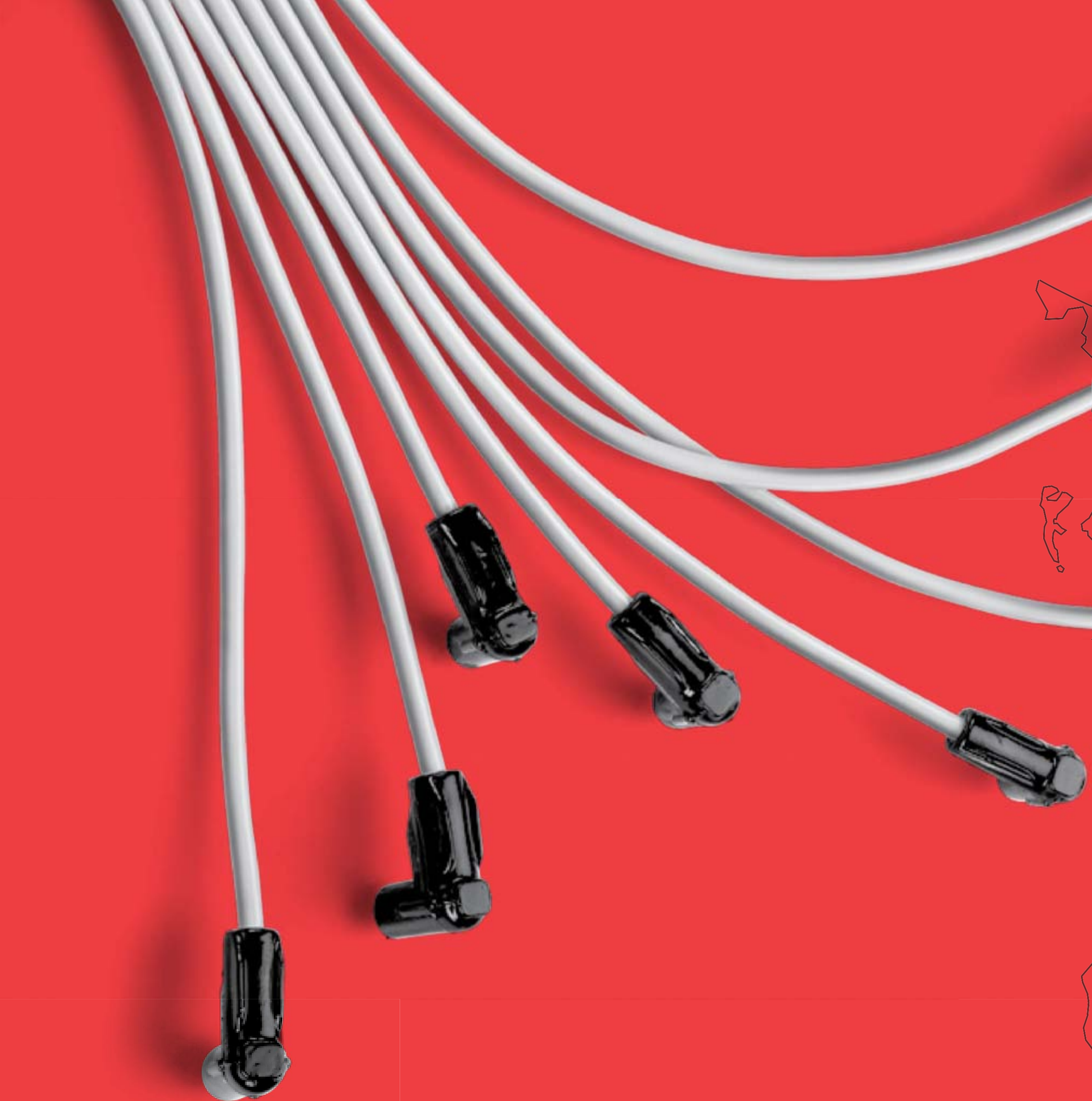
(2) EBITDA represents operating income before interest, income taxes, depreciation and amortization. As EBITDA is not a measurement defined by Canadian generally accepted accounting principles («GAAP»), it may not be comparable to similary titled measurements used by other companies.

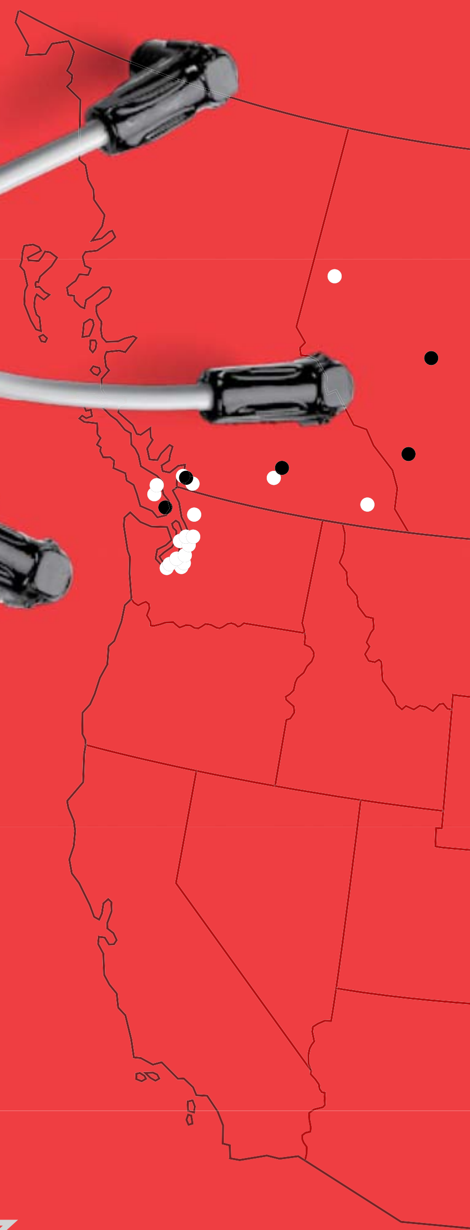
(3) Including a special dividend of $0.05.

(4) In November 2004, Uni-Select issued 1,000,000 common shares as partial consideration of the acquisition price of MAWDI.

A BIG PLUS...

5,564
EMPLOYEES
2,000,000 OF
WAREHOUSE
SQUARE
FOOTAGE
70
DISTRIBUTIONS
CENTRES
2,550
MERCHANTS
OPERATING
IN 3,500
STORES IN NORTH
AMERICA AND
332 CORPORATE
STORES





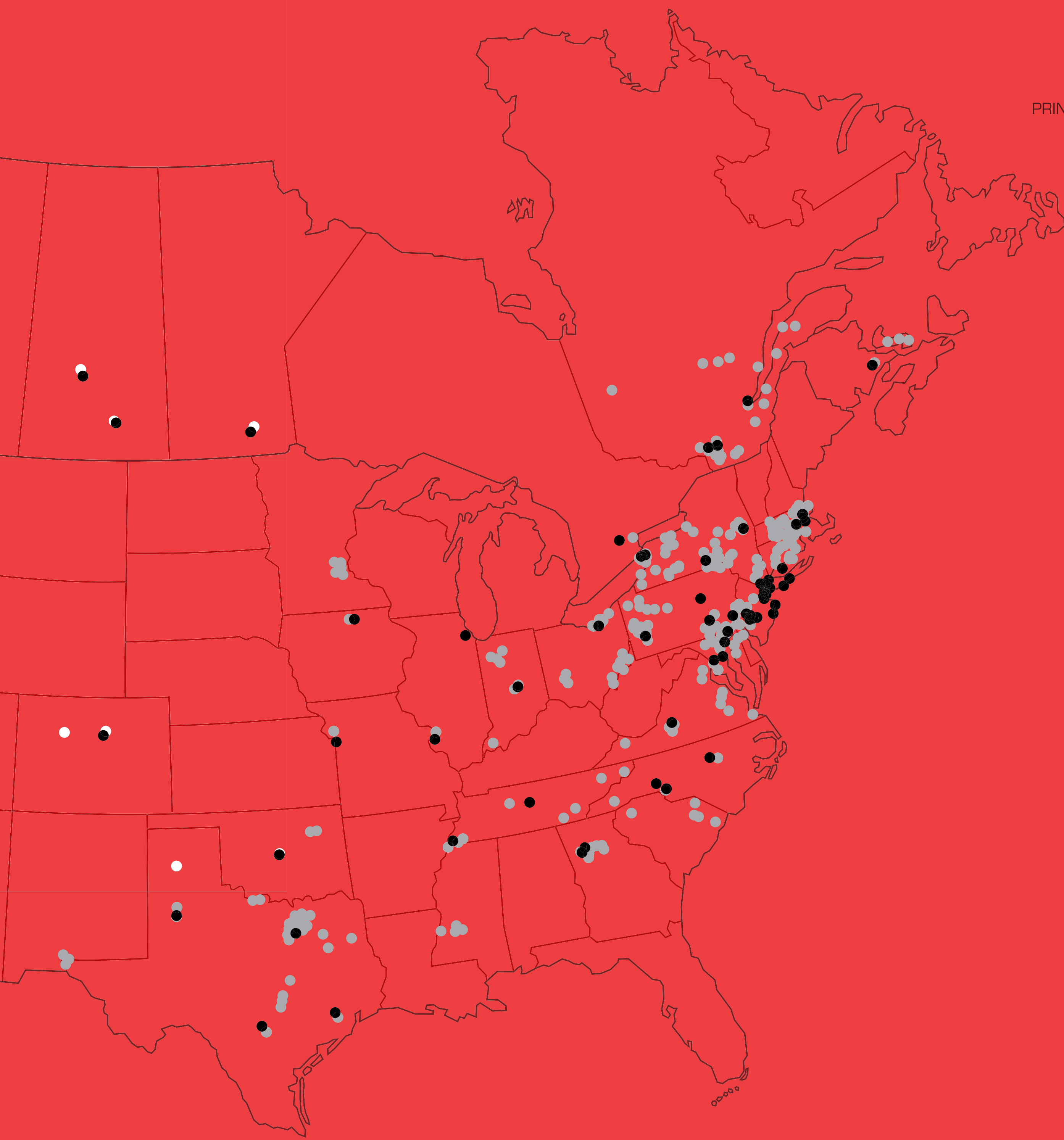
OUR NETWORK

Uni-Select has expanded its geographical footprint in 2008 and runs an even more efficient and profitable distribution network with centres strategically located across North America.

It covers five regions in Canada, namely the Atlantic provinces, Quebec, Ontario, the Prairies and the Pacific provinces. Uni-Select and its 14 distribution centres, 53 corporate stores meet the requirements of the secondary market of Canada's automobile industry.

Uni-Select's U.S. territory is divided into five administrative regions, namely the Western, Central, North-East, New-England and Mid-Atlantic regions. Uni-Select, which operates in more than 27 U.S. states, serves more than 70% of the car population in the U.S. from its 56 distribution centres and 279 corporate stores.

Stores
Warehouses + Distribution centres



ALBERTA
BRITISH COLUMBIA
MANITOBA
NEW BRUNSWICK
NOVA SCOTIA
ONTARIO
PRINCE EDWARD ISLAND
QUEBEC
SASKATCHEWAN
COLORADO
CONNECTICUT
DELAWARE
GEORGIA
ILLINOIS
INDIANA
IOWA
MARYLAND
MASSACHUSETTS
MINNESOTA
MISSISSIPPI
MISSOURI
NEW JERSEY
NEW YORK
NEW MEXICO
NORTH CAROLINA
OHIO
OKLAHOMA
PENNSYLVANIA
RHODE ISLAND
SOUTH CAROLINA
TENNESSEE
TEXAS
VERMONT
VIRGINIA
WASHINGTON
WEST VIRGINIA

A KEY YEAR FOR GROWTH

Jean-Louis Dulac Chair of the Board / **Richard G. Roy,** CA President and Chief Executive Officer

AS UNI-SELECT CELEBRATES ITS 40TH ANNIVERSARY, HISTORY DEMONSTRATES THAT WE HAVE A STEADY TRACK RECORD OF GROWTH. 2008 IS A STRIKING ILLUSTRATION OF THIS AND WAS, IN FACT, A TURNING POINT FOR FUTURE DEVELOPMENT.

In 2008, Uni-Select consolidated the gains from the expansion of recent years, reached the critical mass we needed for efficient development in the Eastern United States, and confirmed the accuracy of our vision and the soundness of our strategic direction for the coming years.

Uni-Select is now ready to consider the development of new markets, while continuing to rely upon a proven and rigorous management philosophy, a network of 5,600 employees with a strong entrepreneurial spirit, and a corporate culture based on efficiency and autonomy.

THE ECONOMIC CONTEXT AND THE AUTOMOTIVE AFTERMARKET _ Generally speaking, 2008 was a year of challenging economic conditions: general slowdown, decreasing consumption, the collapse of the residential sector in the United States, the financial crisis and the credit squeeze have resulted in a North American recession. While the shares of Uni-Select have been subjected, like that of most corporations, to the fluctuations of the stock market, we remain able to tackle the effects of the economic situation because of the nature of our business and because of the outlook in our segment of the auto industry.

The automotive aftermarket industry should remain a growth market in 2009, and be less impacted by the recession. This stability is explained by several factors related to the characteristics of the industry itself.

Firstly, the current economic situation that is shaking the auto industry encourages customers to keep their vehicles longer, thus increasing the average age of the fleet. This in turn translates into more sales for repair outlets and their suppliers. While 2008 saw the steepest decline in 16 years of new vehicle sales, it also saw a significant increase of 4 months in vehicle longevity, now at 10.5 years, while the same measure grew only from 9.0 to 10.2 years from 1998 to 2007.

THE AUTOMOTIVE AFTERMARKET INDUSTRY SHOULD REMAIN A GROWTH MARKET IN 2009.

Secondly, the proliferation of brands and models in the marketplace, along with vehicle complexity, have generated new maintenance needs for electronic components, temperature control systems and other types of controls. To a large extent, these vehicles need specialized services and seasoned repair installers, which favors the DIFM (Do It For Me) segment.

Thirdly, the return to the more traditional financial method of buying instead of leasing cars promotes a maintenance and conservation mentality. It also bears mentioning that some governmental initiatives, such as Quebec's law on mandatory winter tires, have created opportunities for repair outlets in terms of bi-annual visits.

Finally, the restructuring that has started in the North American car dealerships' network should free up a number of qualified mechanics and could shift more car maintenance towards independent repair outlets.

Besides industry variables, some economic factors also work to the Company's advantage. Case in point: the downward variation of the Canadian dollar, moving from unprecedented heights, had a beneficial impact on our financial results. This devaluation signified the end of deflation for products sold in the Canadian market, which brought prices back into equilibrium. The decline in oil prices seems to signal an upturn in miles driven per car, which in turn should foster greater vehicle maintenance and repairs.

RESULTS THAT REFLECT SUSTAINED GROWTH _ Financially, 2008 was a good year as we met our objectives to increase net income, consolidate assets, reduce expenses and successfully integrate our prior years' acquisitions.

A review of our financial results clearly shows a positive trend. Financial return, thanks to a net income of $46 million, or $2.33 per share, is up by 12.5% compared to 2007 for overall operations, in spite of difficult economic conditions in North America. Moreover, we believe our 2009 objectives are realistic and will be achieved as the 2008 acquisitions will translate into financial benefits, as will the results of the integration and margin improvement programs that have been implemented network-wide.

For the year ended December 31, 2008, Uni-Select registered an increase in sales of $149 million, equivalent to 12.7% over the preceding period. Uni-Select sales were $1,317 million, compared to $1,168 million in 2007. This increase is mostly a result of the sales stemming from our strategic acquisitions, which more than offset the impact of voluntarily losing certain customers on account of credit worthiness concerns and closing of a few stores in low-potential areas. This approach translates into an increase in the operating income (EBITDA), which at year end grew 15.6% compared to the preceding year. The operating profit margin went from 6.8% to 7.0% despite investments in the acquisition of Beck/Arnley®, a specialist in products for imported vehicles and development efforts in the south-east of the United States whose integration began late in the year. Lastly, the return on equity is at 13.6% comparable to 2007.

OPERATING UNITS ON THE MOVE _ Automotive Group USA had an excellent year in terms of sales, which increased by 18.3%, amounting to $718.1 million compared to $607.2 million in 2007, with its EBITDA at $46.7 million compared to $37.9 million in the last fiscal year. This translates into an operating margin of 6.5% compared to 6.2% in 2007. The acquisitions contributed for $143.3 million, in particular, it is worth noting that the purchase, in the third quarter, of some Parts Depot assets added $50.1 million in sales in the fourth quarter.

The improved results of Automotive Group Canada confirm our position as a leader in Canada. The Group experienced a 6.3% sales increase in 2008, totaling $529.4 million compared to $498.0 million in 2007. This rise is due to the impact of acquisitions made in previous quarters, that accounted for $40.0 million in revenues. The Group's operating margin remained stable at 8.5%.

The Heavy Duty Group benefited from the actions taken since the 2006 recovery plan was initiated, its sales have increased, as did its profits in 2008. This clearly shows that rigorous management coupled with cost reductions, margin reduction and asset restructuring programs succeeded in producing stable performance in a unit operating within the industry sector that has been most impacted by the economic situation. Heavy Duty Group sales totaled $69.4 million, an increase of 9.8% when compared to $63.2 million in 2007. Among other factors contributing to this increase, the agreement with Canadian Tire Corporation in the wheels segment has been significant. Also noteworthy are employee achievements in the areas of cost reduction and the $1.0 million improvement of the operating margin that varied from ($0.2 million) in 2007 to $0.8 million in 2008.

A REVIEW OF OUR FINANCIAL RESULTS CLEARLY SHOWS A POSITIVE ROADMAP... WITH A NET INCOME OF $46 MILLION.

A SIGNIFICANT PLAYER IN NORTH AMERICA _ From its beginnings 40 years ago as a regional Quebec-based company, Uni-Select has now acquired the status of a significant player on the continent. Ranked second in Canada for several years, we are now the seventh-ranked replacement parts supplier in the Unites States, where more than 60% of our activities take place.

Over 10 years, Uni-Select has grown its U.S. sales from $60 million to more than $700 million in 2008. When the sales derived from the 2008 acquisitions are extrapolated for a full year, they are over $800 million. The pattern is the clear result of the promising strategic approach currently in effect.

OVER 10 YEARS, UNI-SELECT HAS GROWN ITS U.S. SALES FROM $60 MILLION TO MORE THAN... $800 MILLION.

This acquisition strategy, exemplified by the purchase last September of some of Parts Depot's assets, has enabled us to reach the critical mass we need for further development in the Eastern U.S. This acquisition translates into $170 million in annual sales and is ranked second in importance after the purchase of MAWDI in 2004. It has significantly improved our presence in the American market and will bring us further market development in a new geographical setting.

Our 279 American stores now account for 46% of our U.S. sales. Here again, we are implementing a rigorous policy of cost controls, customer service improvement and better product and brand marketing.

On the Canadian scene, 2008 saw us reaping the benefits from the acquisition, early in the year, of Replacement Parts Depot Limited, as well as the benefits generated from national accounts entered into at the end of 2007 with Canadian Tire Corporation and LAR.

Our deliberate search for new distribution channels led us, in 2008, to set the keystone of our strategy regarding the replacement parts for imports segment. The acquisition of Beck/Arnley®, a well-regarded supplier and a specialist in replacement parts for imports constitutes a deciding breakthrough in this expanding market. It will allow Uni-Select to expand its coverage and broaden its offering to specialists and repair outfits for imported vehicles in North America. By opening its North American distribution network to the Beck/Arnley® product lines, Uni-Select will build its reputation as a credible supplier in this growing market segment.

In 2008, we continued to implement our strategy of efficiency. Our programs, including continuous improvement, cost control, integration and restructuring, enabled us to offset the negative impacts of the economic situation. We also achieved strong progress in the search of efficient computer-based jobber management systems. This, in turn, will allow us to improve customer service and facilitate our business dealings with members and suppliers.

2009: A YEAR OF CONSOLIDATION _ In 2009, we will have the opportunity to accelerate the integration of the assets we acquired in 2008, to make the most of synergies, to improve the overall efficiency of our distribution network and to actualize the key objectives of our strategic plan.

We will continue to implement an acquisition strategy that has served us well. This means selecting partners that represent a good match, that will integrate well into our base and that will help us to achieve further penetration into current or adjacent markets. These potential partners must also have a corporate culture that resembles ours in terms of how they operate and how they see the future.

We will keep on pursuing a strategy searching for growth engines, particularly in the high-potential areas of national accounts, fleets, parts for imports and body shops. In all these areas, Uni-Select intends to provide more and better service to a customer base that is becoming increasingly diversified.

We also intend to revitalize our organic growth. We foresee an ambitious plan that includes loyalty programs and increases the volume of sales to our members. This will be achieved through improved marketing and branding strategies in order to raise awareness of our proprietary brands and to reinforce Uni-Select's reputation as a top-tier supplier in the areas where we operate. With all this in mind, in late 2008 we created the position of Vice President, Marketing and Product Management, North America. Brent Windom, who was appointed to this position in January 2009, has been with Uni-Select since 2004 and has 30 years' experience in our industry. In order to optimize our offering to members and partners, we also intend to consolidate our assets at the corporate store level and in our distribution network.

Finally, it will be a priority in 2009 to implement information systems that support our strategic needs to improve asset and resource management. This new North American management tool will help coordinate our overall activities, from finances to logistics, and its implementation should start up as soon as 2010. Similarly, the implementation of an integrated inventory management system (IMS) will allow us, as early as 2010, to centralize the supply function, help improve service quality and reduce product inventory levels in Canada and in the United States.

A SUCCESS THAT RELIES ON PEOPLE _ From the start, Uni-Select has staffed the organization with people that completely share its culture of efficiency, autonomy and excellence in execution.

As a result of 2008 acquisitions, Uni-Select has added 1,000 employees to its organization. It was a year to reflect on the importance of sharing and conveying Uni-Select's cultural values. Human Resources, with the help of senior management, will undertake several activities focused on these goals in 2009.

We know that our 5,564 employees, 4,370 of them in the United States, are eager to fully contribute to our collective success and to do so in a work environment that promotes respect. Our trusted associates must share with new colleagues their pride in our success based on values of innovation, excellence, commitment and a sense of partnership. We thank our employees for their exemplary contribution and their unshakeable loyalty.

WE KNOW THAT OUR 5,564 EMPLOYEES ARE EAGER TO FULLY CONTRIBUTE TO OUR COLLECTIVE SUCCESS AND TO DO SO IN A WORK ENVIRONMENT THAT PROMOTES RESPECT.

WE SUPPORT PROFESSIONAL TRAINING ACTIVITIES AND WE COLLABORATE WITH SEVERAL UNIVERSITIES BY FACILITATING INTERNSHIPS.

AN ENTERPRISE THAT RETURNS BENEFITS TO THE COMMUNITY _ In Canada and in the United States, Uni-Select is involved with the communities where we operate. Our regional managers contribute to community activities ranging from supporting foundations for heart disease, cancer and diabetes to organizing activities whose proceeds go to hospitals or charitable organizations. In partnership with certain not-for-profit organizations, we are also going to encourage our employees' involvement in community activities.

In addition, we also support professional training activities, for instance, by creating the Uni-Select scholarship for the Alfred State College Automotive Parts Technology program in New York State. In Canada, we collaborate with several universities by facilitating internships in administration, finance and management information systems.

THANKS _ Uni-Select wishes to thank its shareholders for their confidence and extend its gratitude to all business partners, and especially our suppliers. We pay tribute to our Board of Directors, whose excellent contribution allows Uni-Select to stand apart as an industry leader. In closing, we wish to convey our appreciation to Leo Leblanc who has been a member of the Board for close to 30 years. Thank you.

Chair of the Board
Jean-Louis Dulac

President and Chief Executive Officer
Richard G. Roy

A CRUCIAL PART OF UNI-SELECT'S SUCCESS

FOR THE PAST 40 YEARS, UNI-SELECT HAS BEEN SUCCESSFUL LARGELY DUE TO A CORPORATE CULTURE THAT PROMOTES EMPLOYEE INVOLVEMENT AND COLLABORATION. WE WISH TO PAY TRIBUTE TO OUR EMPLOYEES' EXCEPTIONAL CONTRIBUTION BY ILLUSTRATING THE VALUES THAT WE ALL SHARE AND THAT ARE THE CORNERSTONE OF OUR SUCCESS.

A YEAR MARKED BY PROGRESS IN OUR BUSINESS UNITS

IN 2008, ALL DIVISIONS BENEFITED FROM ACQUISITIONS AND NEW MAJOR BUSINESS DEVELOPMENTS. IN ADDITION TO THE IMPACT OF THESE ACQUISITIONS, GROWTH IN 2009 WILL BE GENERATED BY GEOGRAPHIC EXPANSION AND BY SALES GAINS IN THE PARTS FOR IMPORTS SEGMENT, A MARKET WITH HIGH GROWTH POSSIBILITIES.

JAMES E. BUZZARD

Executive Vice President
Automotive Group USA

AUTOMOTIVE GROUP USA

2008 was marked by progress throughout our business units. Whether we look at acquisitions, new growth engines or management programs, the conclusion is that results are in clear progression.

A MAJOR ACQUISITION IN AN AREA THAT IS KEY TO OUR DEVELOPMENT _ The acquisition in September 2008 of some assets of Parts Depot Inc. caused us to reach a critical mass in the Eastern U.S. that made for efficient development in that market. Parts Depot, a major distributor of auto parts, brought us nine warehouses and 67 retail sites. Parts Depot had followed a business model very similar to ours, where business is evenly divided between installers and independent jobbers. This is our largest acquisition since MAWDI in 2004 and, as a result, it created the momentum for Uni-Select to expand in areas where we were clearly underrepresented, namely in North and South Carolina, Virginia and Georgia. This transaction which should generate annual sales of $170 million, already added $50 million in additional sales in the last quarter of 2008.

A STRING OF SUCCESSFUL INTEGRATIONS _ As part of our ongoing integration process, we have eliminated duplications in the activities of Consumer Auto Parts, Parts Distributors and Thompson, all acquired in 2007, and those of Auto Craft, acquired in 2006. Regional integration is about 85% done and will be completed in 2009, formalizing substantial distribution synergies and reinforcing our market presence in the Eastern states. The resulting assets consolidation is yielding significant savings, as we consolidated from ten stores into five and closed two warehouses with a resulting workforce reduction of 200 employees. This will translate into $3 million dollars in annual savings as early as 2009.

MAINTAINING ORGANIC GROWTH IN SPITE OF ECONOMIC CHALLENGES _ There is no question that economic conditions in 2008 hampered our everyday business and had an impact on our organic growth. In the first three quarters of the year, skyrocketing fuel prices caused a reduction in vehicle use, which, in turn, delayed repair and maintenance activities. Moreover, the volatility of the Canadian dollar triggered fluctuations in our financial results for those quarters.

Consequently, organic growth remained relatively neutral throughout our network. Where sales decreased, it was mostly due to the impact of restructuring programs that led to the closing of stores in low-potential areas, or the result of active management, such as the voluntary parting with a client worth $20 million in sales because of that client's financial situation.

A MAJOR MILESTONE IN OUR PARTS-FOR-IMPORTS STRATEGY WAS REACHED WITH THE ACQUISITION IN 2008 OF BECK/ARNLEY WORLDPARTS CORP.

AN INCREASED FOCUS ON GROWTH ENGINES _ A major milestone in our parts-for-imports strategy was reached with the acquisition in 2008 of Beck/Arnley Worldparts Corp. Beck/Arnley®, a specialist in its field, brings us a line of recognized, reliable products that have allowed us to increase the scope and supply of our product line of replacement parts for imports. Now that it is supported by our parts-for-imports program, the distribution of Beck/Arnley® products is efficient and makes Uni-Select a preferred supplier for import car specialists.

The 2007 acquisition of Parts Distributors gave us an entry point into the distribution and management of replacement parts for fleet operators. In 2008, we secured a five-year, $20 million contract with the state of New York. We will intensify our efforts to secure more commercial and institutional contracts in 2009.

We increased by 10% national and regional accounts in 2008 and intend to focus on this market segment in the geographical areas that we serve.

RESTRUCTURING AS A TOOL FOR BETTER MANAGEMENT _ Our recent string of acquisitions has led us to review our management structure, as we aim to become more efficient. We have gone from three to five regions—Western, Central, Northeast, New England and Mid-Atlantic—that are consistent with our new market coverage.

We have seen progress in the management of corporate stores. The appointment of Carm Capriotto as Vice President in charge of stores in the U.S. facilitates the harmonization of business rules and processes. The application of sound business practices throughout the markets has led us to close 14 stores in low-potential areas while opening four new stores in promising markets. This type of restructuring is key to Uni-Select's success in the marketplace.

We have also implemented a profit-improvement plan that allows us to closely manage our business units. Under our cost reduction program, we will undertake an assessment of the consolidation potential of several warehouses along with a review of expense management in corporate stores. We will focus particularly on the under-performing units and provide each with a plan to increase sales, margin and purchasing levels as well as reduce expenses. We will place a special emphasis on inventory reductions and the reorganization of the distribution networks and distribution routes to make the most of our recent acquisitions.

2009 PRIORITIES _ The integration of assets acquired from Parts Depot will be one of our priorities because we believe it will enable us to improve our purchasing terms, our sales networks and the efficiency of management. The deployment of Beck/Arnley® product lines throughout our distribution network is also high on the agenda and should generate positive results in all regions.

We are going to implement aggressive marketing programs and strategies to enhance the awareness of the Uni-Select Auto-Plus® banner and Auto Extra® products. This strategy will be complemented by a similar marketing effort for Beck/Arnley® parts. The overall objective is to improve the recognition of Uni-Select products in all the regions and markets that we serve. As appropriate, the business model in place at Consumer Auto Parts, acquired in 2007, will be deployed to help achieve increased sales in specific regions that are more retail oriented.

We also want to increase members' and customers' loyalty, with a focus on independent installers, in order to increase sales volume. We will succeed in this by improving our existing management tools and providing access to online management tools that will improve business practices.

The profit-improvement program is, of course, ongoing, as are our programs for asset management, sales, inventory control and the sale of non-profitable assets.

2009 will also be a year of focus on information technologies and on improving our systems. For example, in the Philadelphia region, we intend to optimize our distribution operations with an integrated warehouse management system. At the same time, we will add an inventory management system for warehouses and corporate stores, whose hub will be in Atlanta. Finally, system enhancements for online operations will improve connectivity with all our members.

Our Human Resources experts will be called upon in order to facilitate the integration of new employees using programs that allow Uni-Select's culture to take root and solidify throughout the organization. Our employees, a large number of which have joined Uni-Select within the last year, must perpetuate Uni-Select's culture of efficiency. We intend to bring forth communication-enabling programs that will generate positive outcomes for the company.

GARY O'CONNOR

Executive Vice President
Automotive Group Canada

AUTOMOTIVE GROUP CANADA

RECENT ACQUISITIONS SUCCESSFULLY INTEGRATED _ The year 2008 started with the acquisition of Replacement Parts Depot Limited, which proved to be beneficial for the Group's full range of distribution activities in Ontario. This acquisition has improved market penetration in the region and has generated additional sales of $27 million. Moreover, we were able to consolidate the warehouses three months earlier than planned, which generated additional savings.

We are seeing the emergence of significant opportunities following the signing of national agreements with Canadian Tire Corporation (CTC) and the MDA Co-Auto network in Western Canada. Following the signature of the agreement with CTC, we were able to supply, after only a few months, more than 415 CTC stores through 148 Uni-Select members. In the year ahead, we plan to generate additional growth opportunities by supporting even more Canadian Tire initiatives.

A new agreement with the MDA Co-Auto network of 800 dealers in Western Canada was signed in 2008. As a result, 64 Uni-Select members are serving 213 dealers, and more members will soon be involved. The partnerships with MDA Co-Auto and the Leader Auto Resources (LAR) group give us national coverage in the car-dealer segment. At the moment, 635 LAR dealers are doing business with 85 Uni-Select members. Overall, we forecast yearly sales of more than $25 million for these three national agreements.

UNFORESEEN LOGISTICAL CHALLENGES _ Difficulties created by the challenging 2008 economic situation were felt by several of our suppliers and as a result, this impacted our own supply. The strength of our distribution system was successfully tested when in the first quarter, following an incident in one of our warehouses, we were able to redirect certain orders to other warehouses without any customer service disruption.

TIGHTER MANAGEMENT IN A CHALLENGING ECONOMIC CLIMATE _ Thanks to tighter management, we were able to maintain our market share in 2008. Organic growth was stimulated by a combination of actions, such as incentives for regional managers and our restructuring of the ELITE, VICTOR, SAX, DAVE and ASPEN communication and loyalty programs. For instance, over 80% of merchant members' orders are now completed electronically under the Victor platform, while DAVE manages the interface between members and installers.

Our objectives are to improve communication with members and to provide a training platform, particularly on parts for imports, along with the introduction of an electronic catalogue of our product offerings.

THE ACQUISITION OF REPLACEMENT PARTS DEPOT LIMITED HAS IMPROVED MARKET PENETRATION IN THE REGION AND HAS GENERATED ADDITIONAL SALES OF $27 MILLION.

We are continuing the implementation of efficient asset management and cost reduction programs. Following the closing of the RPDL warehouse in Rexdale, Ontario, and the consolidation of our distribution in Brampton, we centralized product replenishment in Boucherville. Lastly, we improved the performance of our corporate stores by implementing effective cost-control policies.

The continued emphasis on asset management has led to better inventory controls while creating opportunities for optimal pricing strategies. As announced last year, we sold five of our stores to members and closed one facility in Ontario. More sales of stores are forecasted for 2009.

We have brought forth training programs for our employees and partners, such as Techpro online, technical training for installers and management training for corporate stores.

STRATEGIC AIMS FOR 2009 _ In 2009 we will rely on strategies that have proven to be successful for Uni-Select. We will aim to sign up regional accounts with an emphasis on areas and distribution networks that carry the highest potential. We will look into developing the commercial and institutional fleet markets and we plan to improve our standing in the imported cars' segment. The latter represents 39% of the Canadian registered fleet.

The benefits stemming from the Beck/Arnley® acquisition should flow as soon as additional product lines of this growing market are deployed. We will set up a dedicated sales force in three regions—British Columbia, Ontario and Quebec—to promote the Uni-Select product offering that is best suited for the foreign cars market. In support of this, we plan to introduce training programs for members and employees.

The search for new markets will also be part of the 2009 strategy agenda. We will evaluate the opportunities that exist in the collision replacement parts segment and improve our offering for temperature control parts and for new technologies. Finally, we will fine-tune our corporate stores strategy, opting for sale to members where mutually-beneficial opportunities are met.

We believe that in 2009 we will witness the achievement of our results-focused strategic objectives, a large part of which depends on the motivation of our employees. Having a communication plan in place that recognizes employees' performance and rewards their efforts will be key to ensure their continued commitment to the success of Uni-Select.

HAVING A COMMUNICATION PLAN IN PLACE WILL BE KEY TO ENSURE EMPLOYEES' OPTIMAL CONTRIBUTION TO THE SUCCESS OF UNI-SELECT IN CANADA.

JEAN RIVARD

Executive Vice President
Heavy Duty Group

HEAVY DUTY GROUP

ON THE ROAD TO PROFITABILITY _ In 2008, in a climate where the transportation industry and our clients have been constantly challenged, we saw the benefits of the strategic direction taken by the team in 2006, and we were able to benefit from the efforts of the past two years.

Our success stems from better product offering, tighter inventory management and the positive effects of a supply agreement with Canadian Tire Corporation in the specialized wheel segment. We also benefited from Quebec legislation implemented in the fall of 2008 that made winter tires mandatory.

Our combined operations saw a 10% improvement in sales in spite of the difficult environment affecting the transportation industry.

In the ever-competitive heavy-duty segment, we implemented marketing strategies supported by sales initiatives. We were thus able to curtail a sales erosion in a declining market.

The tools segment that we introduced in 2004 was supported by promotional incentives and improvements within our network.

In addition, clear progress in inventory controls led to a $1 million decrease in our asset base without sacrificing efficiency or customer service.

ON COURSE FOR 2009 _ The Heavy Duty Group has clear profitability objectives for 2009. Since the market is very competitive we must take the initiative and find innovative ways to encourage customer loyalty. We plan to review our supply sources and improve our product lines by adding higher-margin products such as tools, lubricants and parts for the heavy-duty segment while continuing to offer exclusive products by our business units.

We will also maintain our cost-reduction efforts, emphasizing inventory controls and the timely return of overstock. We will also bring special focus to transportation costs by increasingly rationalizing handling and delivery cost to stores.

We believe the Heavy Duty Group will seize the opportunities arising from the economic situation since our clients will likely spend more on maintenance and repairs as new equipment purchases are delayed.

Finally, we feel strongly that the Heavy Duty Group's employees will spare no effort to help achieve the objectives set for 2009, since they fully stand behind Uni-Select's culture of efficiency and responsibility.

WE SAW THE BENEFITS OF THE STRATEGIC DIRECTION TAKEN BY THE TEAM IN 2006.

TRANSFERRING VALUE TO SHAREHOLDERS

DENIS MATHIEU, CA

Vice President and Chief Financial Officer

DESCRIPTION OF ACTIVITIES

FOUNDED IN 1968, UNI-SELECT INC. ("UNI-SELECT" OR THE "COMPANY") IS CANADA'S SECOND LARGEST DISTRIBUTOR OF AUTOMOTIVE REPLACEMENT PARTS, EQUIPMENT, TOOLS AND ACCESSORIES AND THE 7TH LARGEST DISTRIBUTOR IN THE UNITED STATES. THE ACTIVITIES OF UNI-SELECT ARE DIVIDED INTO THREE DEFINED SEGMENTS:

Automotive Group Canada, comprising various subsidiaries, joint ventures and divisions, specializes in the distribution of automotive replacement parts, tools and accessories across Canada. Its customer base consists primarily of 541 independent jobbers serving installers and collision repair centres, as well as large national chains of installers. Through its 6 distribution centres and 7 satellite warehouses located in all of Canada's major regions, Automotive Group Canada manages some 350,000 different products, mainly national brands, which it sources from a pool of North American and international manufacturers. Besides distribution services, the Group provides merchant members with a broad selection of services on a menu basis, including several differentiating marketing programs under distinctive banners, training activities, IT management tools, financing and various programs aimed at supporting its customers' operations and expansion. Automotive Group Canada also operates 30 corporate stores.

Automotive Group USA is comprised of two subsidiaries. Firstly, Uni-Select USA, Inc., a subsidiary owned 86.9% by the Company, which conducts similar operations as those of Automotive Group Canada in the United States. This Group, which made a major acquisition toward the end of the third quarter of 2008, currently operates 27 distribution centres, 28 satellite warehouses and 279 corporate stores in 27 states. This network provides coverage of approximately 70% of the vehicles registered in the U.S. Automotive Group USA serves some 2,300 independent merchants, to whom it provides a large selection of products and services. Secondly, Beck/Arnley Worldparts, Inc., incorporated in 2008 to purchase the assets of another distributor of parts for foreign nameplate vehicles, will be the cornerstone for the strategic deployment into this segment of the market in North America.

Heavy Duty Group, comprised of Palmar Inc., is involved in the distribution and sale of replacement parts and accessories for heavy-duty trucks, trailers and buses, specialty tools and of 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.

During the year ended December 31, 2008, Uni-Select's three sectors accounted, respectively, for 40.2%, 54.5% and 5.3% of the Company's consolidated sales. The Canadian automotive replacement parts distribution industry has experienced a significant consolidation over the past 20 years, at both the distributor and wholesaler levels. Uni-Select has played a key role in consolidation by making numerous acquisitions and strategic alliances, approximately 40 of them in the last three years, while also implementing financing programs to support its merchant members in their expansion projects.

More fragmented, the industry in the USA has also undertaken a consolidation movement in recent years, in which Uni-Select has participated by acquiring several small and medium-sized distributors and a large-scale distributor in 2004. Furthermore, during the course of 2008, the Company completed two important strategic acquisitions. Firstly, in the purchase of certain assets of Parts Depot, Inc. which allows better coverage of the central region of the Atlantic coast and secondly, in the purchase of the assets of Beck/Arnley® which, in turn, allows Uni-Select to expand its product offerings of parts for foreign nameplate vehicles, the whole as envisaged by its strategic plan.

Although there are some differences between the structure and trends in the Canadian and U.S. automotive replacement parts industries, the major supply and demand trends are basically the same on both sides of the border. This similarity enables Uni-Select to implement joint strategies and programs for both sectors in order to maximize the synergies provided by its size and purchasing power and enabling its expansion across North America. This strategy allows for the development of a common North American vision for marketing programs. The industry is subject to certain risk factors of circumstantial, competitive and other natures, which are described in the "Risk Management" section of this Management Report.

PRELIMINARY COMMENTS OF MANAGEMENT REPORT

BASIS OF PRESENTATION OF MANAGEMENT REPORT _ This Management Report discusses the Company's operating results and cash flows for the years ended December 31, 2008 and 2007, as well as its financial position at those dates. It should be read in conjunction with the Consolidated Financial Statements and accompanying notes included in the Annual Report. For further information, some supplementary documents of the Company, including those prepared for the May 5, 2009 Annual Meeting of Shareholders, the Annual Information Form, previous annual reports, interim reports and press releases, are available on SEDAR's website (www.sedar.com).

The financial statements contained in the Annual Report have been audited by the Company's auditors.

The information contained in this Management Report takes into account any major events that occurred prior to March 10, 2009, on which date the financial statements and Management Report were approved by the Company's Board of Directors. It presents the Company's status and business context as they were, to Management's best knowledge, at the time these lines were written.

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 Uni-Select Inc. or one of its subsidiaries, divisions or joint ventures. The terms "year" and "fiscal year" refer to the 12-month fiscal period ended December 31 of the year designated by the context. Unless otherwise indicated, all comparisons are made with the previous year. In the Management Report and tables, the symbol "$M" means "million(s) of Canadian dollars".

COMPLIANCE WITH CANADIAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES _ Unless otherwise indicated, the financial information presented in this Management Report is prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). The information contained in this report includes some figures that are not performance measures consistent with GAAP.

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

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

Moreover, during the year the Company recorded non-recurring costs in the integration of recently-purchased assets. In this document, the analysis of EBITDA variances, of net earnings and of net earnings per share, is presented excluding these non-recurring costs. While these measures do not have a meaning standardized by GAAP, the Management of the Company believes they represent good indicators of the operating performance of existing activities.

Furthermore, to measure the return on its assets, the Company uses the "return on average net assets" measure. This measure consists of earnings before interest, less related taxes, divided by average net assets which correspond to total assets less non-interest-bearing debt, such as accounts payable, dividends payable and future income taxes.

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

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

SELECTED CONSOLIDATED INFORMATION

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

Years ended December 31	2008 $	2007 $	2006 $
Sales			
• Automotive Group USA	718,132	607,168	567,402
• Automotive Group Canada	529,420	497,955	489,573
• Heavy Duty Group	69,378	63,166	66,928
Total	**1,316,930**	1,168,289	1,123,903
EBITDA			
• Automotive Group USA	46,671	37,867	36,833
• Automotive Group Canada	44,994	42,322	46,954
• Heavy Duty Group	824	(179)	(1,963)
Total	**92,489**	80,010	81,824
Net earnings	45,920	40,841	42,264
• Basic, per common share	2.33	2.07	2.15
Cash dividends paid on common shares	8,492	8,333	7,473
• per common share	0.43	0.42	0.38
Weighted average number of common shares outstanding	**19,724,417**	19,727,720	19,674,768

Balance sheet data (as at December 31)	2008 $	2007 $	2006 $
Total assets	874,084	615,573	572,535
Shareholders’ equity	372,701	304,573	291,933
Long-term financial liabilities (1)	226,578	99,657	71,618

(1) Consists of long-term debt and merchant members’ deposits in guarantee fund (including current portions).

HIGHLIGHTS OF LAST THREE YEARS

Most of the variations in the Company's earnings statement and balance-sheet items between 2006, 2007 and 2008 reflect its ongoing strategy of expansion through acquisitions and strategic alliances, the continued improvement in profitability of its current operations, as well as the impact of fluctuations between the Canadian dollar and U.S. currency.

FISCAL 2006 _ In the United States, Automotive Group USA completed two medium-sized acquisitions, specifically two distributors based in the States of Pennsylvania and New York, which added two distribution centres, five satellite warehouses and 23 corporate stores to its network in the Northeastern United States. Automotive Group USA also acquired 12 additional corporate stores in Texas, Georgia, New York and Indiana.

Fiscal 2006 marked the second year of the three-year Middle Atlantic Warehouse Distributors, Inc. (MAWDI) integration program, the results of which have been mostly consistent with Management's expectations to date. In order to maximize the synergies provided by the size of its network and by its North American positioning, the Company has also undertaken to further harmonize its corporate image as well as the product management and marketing strategies deployed in the automotive markets in Canada and the United States.

On May 31, 2006, Uni-Select exercized its option to acquire its partner's 50% interest in the USI-AGI Prairies Inc. joint venture set up in 2002 to pursue and grow Automotive Group Canada's operations in the provinces of Alberta, Saskatchewan and Manitoba. This had a relatively minor effect on sales (approximately $10 million on an annualized basis) as Automotive Group Canada was already responsible for supplying the joint venture. However, the transaction had a significantly favourable impact on the Group's profitability in the last seven months of the year. This unit, now a wholly-owned subsidiary of the Company, has changed its name to Uni-Select Prairies Inc.

Uni-Select completed 15 other acquisitions or partnerships in 2006 – three in Canada and 12 in the United States. Automotive Group Canada acquired, notably, a wholesaler operating three stores in the Toronto area that were converted into corporate stores, as well as an interest in the business of another Pacific Canadian jobber. In addition, the Company acquired a Quebec-based distributor specializing in paint and bodyshop products, which enabled it to broaden its product mix, customer base and distribution channels.

FISCAL 2007 _ During the 2007 fiscal year, Uni-Select completed 18 acquisitions or partnerships – seven in Canada and 11 in the United States – that generated more than $131 million in consolidated sales for the Company on an annualized basis. Notably, Automotive Group Canada acquired several wholesalers, the largest one of which operated six stores in the Quebec City region.

In the United States, Automotive Group USA also completed several transactions, including three medium-sized acquisitions: two distributors based in Pennsylvania and New Jersey which, in one instance, added two distribution centres and 22 satellite warehouses to its Northeastern U.S. network and, in a second instance, a network of 22 stores located in Northeastern U.S. States and serviced by a main warehouse in the City of Boston. Automotive Group USA also acquired nine additional corporate stores in the states of New Jersey, New York, Texas and Washington.

During the course of the entire fiscal period, Automotive Group USA continued to integrate companies acquired in 2006 and 2007 in accordance with the integration plans established at the time of each acquisition. Many synergies have been achieved with respect to the improvement in purchasing conditions regarding economies of scale and the reduction of certain fixed operating costs.

The restructuring plan established for the activities of the Heavy Duty Group has begun to show progress; the increase in sales in the fourth quarter, as well as the increase of gross operating margins together with the decrease in expenses have significantly reduced the loss incurred in 2006.

FISCAL 2008 _ During the last fiscal period, the Company focused its efforts on the integration of entities acquired during the course of recent quarters.

Further on January 3, Automotive Group Canada acquired the assets of Replacement Parts Depot Limited ("RPDL"), enabling it to strengthen its presence in the Province of Ontario where competition is particularly fierce. On the other hand, the Company sold certain assets of 5 corporate stores to members of the Uni-Select network and closed one under-performing store in a region with low growth potential.

In the United States, Automotive Group USA launched its profit improvement plan generating significant synergies in the Philadelphia area. On September 15, Automotive Group USA completed the second largest acquisition in the history of the Company through the purchase of part of the assets of Parts Depot, Inc., resulting in 9 additional distribution centres and 67 stores located on the Atlantic coast, extending the coverage of the Company's activities in the following States: Georgia, West Virginia, Maryland and North and South Carolina. Furthermore, the acquisition of Beck/Arnley® in June, resulted in the Company increasing its presence in a strategic niche with growth potential, that of the distribution of parts for foreign nameplate vehicles. During the fiscal year, the Company proceeded with the closure of 14 stores which were under performing or had little growth potential and opened four others in regions with greater promise.

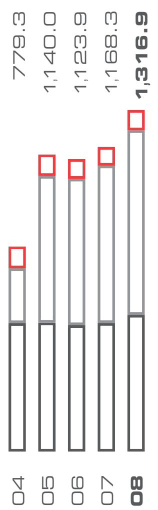
(For further information regarding the acquisitions of the past two years, please refer to Note 9 to the Consolidated Financial Statements in the Annual Report.)

Lastly, the Heavy Duty Group enjoyed an increase in sales thanks to a new supply agreement for wheels with a national retail chain installer and to the coming into effect of the Quebec legislation which requires that, as of the fall of 2008, all vehicles on the road be fitted with winter tires.

Excluding the impact of currency fluctuations, Uni-Select's profitability grew steadily in the past three years, primarily due to the contributions of the acquisitions and the profit improvement plans in both Canada and the U.S.

(A detailed analysis of the variations in operating results and balance-sheet items between 2008 and 2007 is provided in the following sections. A detailed analysis of the variations in operating results and balance-sheet items between 2007 and 2006 is provided in the Management Report section of the 2007 Annual Report, available on the SEDAR website at www.sedar.com).

CONSOLIDATED AND SEGMENTED OPERATING RESULTS FOR THE YEAR ENDED DECEMBER 31, 2008 _ For the year ended December 31, 2008, Uni-Select's consolidated sales totalled $1.317 billion, an increase of $149 million, or 12.8%, from the $1.168 billion posted in 2007. The increase can be attributed primarily to various acquisitions completed during the course of the past quarters, partially offset by the unfavourable impact of the economic situation in both Canada and the U.S. Moreover, excluding the contribution from acquisitions completed in the last two years, the Company reported a decrease in organic growth of 2.9% in 2008 in both Automotive segments. This decrease is explained by the marked decrease in sales to a major customer due to more stringent credit policies in the U.S., the deflation of certain product lines in Canada as a result of the strength of the Canadian dollar in the first three quarters of the year, the loss of an important customer in the fourth quarter of 2007 in the Northwest region of the U.S., and the closure of poorly-performing stores in regions with little growth potential. Excluding the aforementioned elements, organic growth would have been 0.3% despite the challenges brought on by the economic climate and market competition.



The segmented breakdown of sales is as follows:

Automotive Group USA's sales amounted to $718.1 million for the year ended December 31, 2008, up $110.9 million, or 18.3%, from the $607.2 million posted a year earlier. The increase can be attributed largely to the acquisitions made in past quarters. Excluding the impact of the acquisitions completed in the last two years, the Company recorded a decrease in organic growth of 5.5% in 2008. As previously mentioned, this decrease is principally due to the marked decrease in sales to a major customer due to more stringent credit policies in the U.S., the loss of an important customer in the fourth quarter of 2007 in the Northwest region of the U.S., and the closure of poorly-performing stores in regions with little growth potential. Excluding the aforementioned elements, organic growth would have been 0.2%.

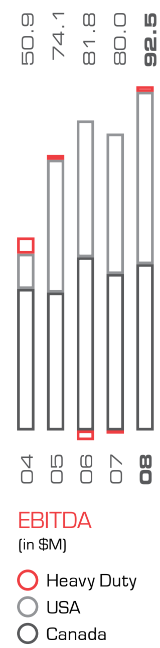
Automotive Group Canada's sales increased by $31.4 million or 6.3% to reach $529.4 million compared to $498.0 million in 2007. This increase is mainly due to the purchase of assets from RPDL at the beginning of the year combined with acquisitions completed during the course of the last quarters related to the Company's succession and partnership program. Excluding sales from acquisitions, the Group registered an organic sales decrease of 1.5%. This decline is attributable to, among other factors, a deflation in the prices of certain products due mainly to the strength of the Canadian dollar during the first three quarters of the year and the economic slowdown, particularly in Western Canada.

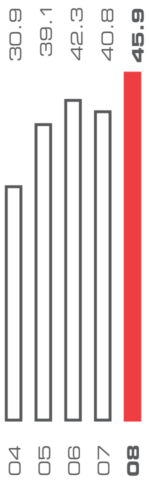
Heavy Duty Group's sales increased by $6.2 million, or 9.8%, to $69.4 million in 2008 compared with $63.2 million for the prior year. This increase is principally attributable to a new supply agreement for wheels with a national retail chain installer and to the coming into effect of the Quebec legislation which requires that, as of the fall of 2008, all vehicles on the road be fitted with winter tires.

EBITDA _ Uni-Select's consolidated EBITDA increased by $12.5 million, or 15.6%, to $92.5 million in 2008 from $80.0 million in 2007. The EBITDA profit margin increased to 7.0% of sales compared to 6.8% in 2007. Excluding the impact of acquisitions in the U.S. in 2008, whose integration began late in the year, the profit margin is 7.4% for 2008; the full contribution of these acquisitions will only be felt over the next two years. The increase in the EBITDA profit margin by 0.6% is explained by an improved gross margin resulting from an elevated proportion of sales to installers following the increase in the number of corporate stores after recent acquisitions, improved purchasing conditions as well as by a favourable change in sales mix giving preference to warehouse shipping over direct supplier sales. Furthermore, the acceleration of the continued improvement programs implemented at the end of 2007 for both Automotive Group USA and the Heavy Duty Group as well as the realization of synergies relating to the integration of acquisitions resulted in reduced operating costs. Nevertheless, improvements in the margin were partially offset by an increase in operating expenses to service the new clientele of installers as well as by the semi-variable costs that could not be lowered proportionately with the reduction of sales. Despite the rapid decline of the Canadian dollar versus the U.S. dollar mainly during the fourth quarter, variations in the Canadian dollar had little impact on the annual operating margin. Lastly, the non-recurring expenses incurred, among other reasons, as a result of the closure of stores as previously mentioned, had an impact of approximately $1.5 million on the EBITDA for the year.

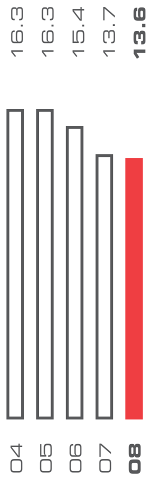
The segmented breakdown of EBITDA is as follows:

- **Automotive Group USA**'s contribution amounted to $46.7 million, or an EBITDA profit margin of 6.5%, in 2008, compared with $37.9 million, or 6.2%, in 2007. Excluding the impact of acquisitions in the U.S. in 2008, whose integration began late in 2008, and the non-recurring costs related to stores closure, it is 7.2% for 2008. The 1.0% increase compared to that of 2007 is explained by:
  - A higher gross margin generated by a larger proportion of operations with installers as a result of the acquisitions in the prior year for which the gross margins were more substantial. The gross margin also benefited from the improved buying conditions and from a favourable change in sales mix resulting from, among other things, the loss of sales to a client with a low-margin business;
  - The increase in operating expenses is attributable to higher operating costs incurred to service the installers together with semi-variable costs that could not be lowered proportionately with the economic slowdown. These items were partially offset by the reorganization of delivery routes, the acceleration of the continued improvement program implemented at the end of 2007 and the realization of synergies relating to the integration of acquisitions, among which the reorganization of distribution activities in the Philadelphia region.
- **Automotive Group Canada**'s EBITDA amounted to $45.0 million in 2008 compared to $42.3 million in 2007, for an EBITDA profit margin of 8.5%, for both years. Excluding the non-recurring costs resulting primarily from the consolidation of replenishment activities, it would have been 8.6%. The increase of 0.1% can be attributed to the following factors:
  - A higher gross margin due partly to a larger proportion of sales to installers, acquisitions completed in recent quarters, improved buying conditions negotiated with suppliers, as well as to a favourable change to sales mix;
  - Operating expenses rose as a result of an increase in operating costs incurred to service the customer base of installers and the semi-variable costs that could not be lowered proportionately with the organic decrease.
- **Heavy Duty Group** recorded an EBITDA profit margin of $0.8 million or 1.2% in 2008 compared with a loss of $0.2 million, or (0.3%), in 2007. This increase is due essentially to an improved gross margin resulting from the various strategies implemented for the sale of parts (other than wheels) and a larger proportion of semi-variable expenses absorbed by the increase in sales.

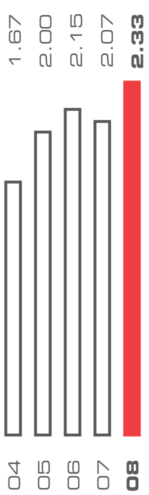




NET EARNINGS
(in $M)



RETURN ON AVERAGE SHAREHOLDERS' EQUITY
(in %)



EARNINGS PER COMMON SHARE
(in $)

INTEREST AND AMORTIZATION EXPENSES _ Interest expenses, net of interest income, amounted to $8.0 million for 2008 compared with $6.3 million a year earlier. This rise is due primarily to an increase in average indebtedness to finance the acquisition of businesses in 2007 and 2008. This increase in indebtedness was, nevertheless, partially offset by the decrease in interest rates resulting from the negotiation of new credit facilities at the beginning of the year.

Amortization expenses, primarily the depreciation of fixed assets, went from $9.2 million to $11.6 million in 2008. This increase in amortization expenses is attributable to the depreciation of assets related to business acquisitions completed in 2007 and during the current fiscal year, as well as the acquisition of fixed assets to upgrade the automotive equipment and management systems.

INCOME TAXES _ During the fiscal year, the effective tax rate remained relatively stable at 32.2% compared to 32.3% in 2007. This situation is explained by the geographical weighting of recent acquisitions which offset the decrease in the Canadian federal tax rate.

NET EARNINGS AND EARNINGS PER SHARE _ Uni-Select recorded net earnings of $45.9 in 2008, compared with $40.8 million in 2007. Nonetheless, excluding the impact of non-recurring costs from the integration of recent acquisitions, net earnings for the year would have amounted to $46.8 million. Fluctuations in the Canadian dollar compared to the U.S. dollar had no significant impact, the average rates for 2008 and 2007 being similar.

Basic earnings per share as well as diluted earnings per share were $2.33 per share in 2008 on a weighted average of 19.7 million shares outstanding, an increase of $0.26 per share (basic and diluted) compared with the prior year. Excluding the impact of non-recurring expenses related to store closures, net earnings would have amounted to $2.37 per share for 2008, an increase of $0.30 or 14.5%.

FINANCIAL INFORMATION FOR THE PAST EIGHT QUARTERS _ (unaudited)

(in thousands of dollars except for per-share amounts)	First quarter	Second quarter	Third quarter	Fourth quarter
Year ended December 31, 2008				
Sales				
• Automotive Group USA	149,919	168,180	172,093	227,940
• Automotive Group Canada	118,765	149,504	136,070	125,081
• Heavy Duty Group	13,014	14,947	20,565	20,852
Total	**281,698**	**332,631**	**328,728**	**373,873**
EBITDA				
• Automotive Group USA	9,177	12,037	12,124	13,333
• Automotive Group Canada	6,468	12,980	11,071	14,475
• Heavy Duty Group	(1,113)	(565)	965	1,537
Total	**14,532**	**24,452**	**24,160**	**29,345**
Net earnings	6,061	12,689	12,354	14,816
• Basic and diluted, per common share	0.31	0.64	0.63	0.75

	First quarter	Second quarter	Third quarter	Fourth quarter
Year ended December 31, 2007				
Sales				
• Automotive Group USA	148,538	158,813	150,077	149,740
• Automotive Group Canada	110,832	139,385	133,571	114,167
• Heavy Duty Group	13,795	15,059	15,108	19,204
Total	**273,165**	**313,257**	**298,756**	**283,111**
EBITDA :				
• Automotive Group USA	7,932	10,526	9,336	10,073
• Automotive Group Canada	6,618	13,269	10,531	11,904
• Heavy Duty Group	(1,148)	(657)	98	1,528
Total	**13,402**	**23,138**	**19,965**	**23,505**
Net earnings	5,828	11,675	10,258	13,080
• Basic and diluted, per common share	0.30	0.59	0.52	0.66

GENERAL COMMENTS ON QUARTERLY RESULTS _ The increase in sales in the fourth quarter of 2008 stems largely from the appreciation of the U.S. dollar and the contribution of recent acquisitions which offset the organic decrease resulting, in part, from the (voluntary) loss of a customer with a low-margin business and the closure of corporate stores. The quarterly trends in EBITDA primarily reflect the contribution of recent acquisitions, as well as the favourable variation of volume discount adjustments made in the fourth quarter of each year. Heavy Duty Group's profit in the second half of 2008 compared with the first half of the same year is mainly attributable to the seasonal cycle of its business. As for Uni-Select's operations in the automotive sector, although they are not subject to an important seasonal cycle, they have traditionally experienced a certain slowdown in the first and fourth quarters of every year.

COMMENTS ON 2008 FOURTH QUARTER RESULTS _ For the three-month period ended December 31, 2008, Uni-Select's sales amounted to $373.9 million, up 32.1% from the $283.1 million posted for the corresponding period of 2007. This increase is almost exclusively attributable to the acquisitions completed over the past 12 months which together with the exchange rate variations more than offset the 3.2% organic sales decrease. Excluding the loss of a low-margin business and the closure of corporate stores, organic growth for the quarter was (1.1%).

Automotive Group Canada recorded a 3.3% organic sales increase in the fourth quarter. Sales in Canada benefited from the fact that several customers made anticipated purchases due to the prospect of increased prices in certain product lines for 2009 resulting from the depreciation of the Canadian dollar compared to its U.S. counterpart in the last quarter of 2008. Automotive Group USA's organic sales declined by 9.7%. Excluding the marked decrease in sales to a major customer due to more stringent credit policies in the U.S. and the closure of poorly-performing stores in regions with little growth potential, the organic decrease would have been 5.3%. The Heavy Duty Group posted an 8.6% organic sales increase.

Uni-Select achieved EBITDA of $29.3 million in the fourth quarter of 2008, an increase of $5.8 million from the $23.5 million reported for the fourth quarter a year earlier. The EBITDA margin dropped to 7.8% from 8.3% a year earlier. The margin would be 9.4% excluding the impact of acquisitions in the U.S. in 2008, for which the complete synergies will only be realized over the next two years and the non-recurring expenses related to store closures.

- **Automotive Group USA**'s EBITDA increased by $3.2 million to $13.3 million from $10.1 million in 2007. Nonetheless, the EBITDA profit margin was 5.8% in 2008 compared to 6.7% in 2007. However, by excluding the impact of the 2008 acquisitions previously mentioned which had a significant impact on the fourth quarter together with non-recurring expenses related to the closure of stores, it would have been 7.8%. This improvement is essentially explained by the contribution of acquisitions in previous years and the improvement of purchasing conditions partially offset by an increase in operating expenses due, in large part, to a larger proportion of business realized with installer customers. Notably, these operating expenses, while in large part semi-variable, cannot be proportionately reduced to the decrease in sales.
- **Automotive Group Canada** generated EBITDA of $14.5 million, compared with $11.9 million for the same quarter in 2007. The EBITDA margin reached 11.6%, against 10.4% for the previous year. Excluding non-recurring costs from the consolidation of replenishment activities, it would have been 11.9%. This increase is principally explained by the significant weighting of the improved purchasing conditions during the quarter.
- Lastly, **Heavy Duty Group** posted an EBITDA of $1.5 million, identical to that of 2007. Efforts made for the improvement of the gross margin and cost controls were negatively impacted in the quarter by an unfavourable proportion of low-margin sales.

Interest expenses, net of interest income, amounted to $2.8 million, compared with $1.9 million a year earlier. This increase is explained, in large part, to an increase in bank indebtedness compared to last year, mainly used to finance the Company's acquisitions in 2007 and 2008, partially offset by the decrease in interest rates. The increase in amortization expenses from $2.2 million in 2007 to $3.7 million in 2008 is essentially the result of acquisitions completed during the past year.

The effective tax rate stood at 31.1%, versus 28.6% the previous year, due primarily to an income tax refund on previous years recognized in the fourth quarter of 2007 and partially offset by a decrease in the Canadian federal tax rate.

Consequently, Uni-Select posted net earnings of $14.8 M, or $0.75 per share (basic and diluted), in the fourth quarter of 2008, compared with net earnings of $13.1 M, or $0.66 per share for the same quarter of 2007, an increase of 13.3 %. Excluding the impact of non-recurring costs related to store closures, net earnings for the quarter would have amounted to $15.5 M or $0.79 per share. Fluctuations in the Canadian dollar compared to the U.S. dollar had a favourable impact of $0.05 per share for the fourth quarter of 2008.

PRINCIPAL CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES _ In 2008, cash flows from operating activities (before changes in working capital items) totalled $71.5 million, up $24.2 million from 2007, due primarily to the variations in future taxes and the increase in net earnings compared with 2007. Changes in working capital items generated cash flows of $36.0 million in 2008 compared with used cash flow of $21.1 million in 2007. This change is due primarily to better management of payables and receivables, to the accumulation of payables following the 2008 acquisitions and to the 2007 payment of income taxes for the 2006 year.

CASH FLOWS USED BY INVESTING ACTIVITIES _ Investing activities used cash flows of $135.1 million in 2008, against $76.4 million in 2007. The main investing activities were as follows:

- The acquisition of various businesses by Automotive Group USA and Automotive Group Canada for a cash consideration of $119.9 million ($80.7 million in 2007). *(These transactions are summarized in Note 9 to the Consolidated Financial Statements for 2008)*;
- The purchase of fixed assets for $14.5 million ($10.2 million in 2007) primarily for upgrading the technology infrastructure and the recurring renewal of automotive equipment.

The $58.7 million variance compared to the previous year is principally explained, aside from the purchase of businesses and fixed assets, to the fact that in 2007 the Company proceeded with the sale and leaseback of two warehouses in the U.S. in the amount of $7.7 million and the cashing in of a temporary investment valued at $6.9 million.

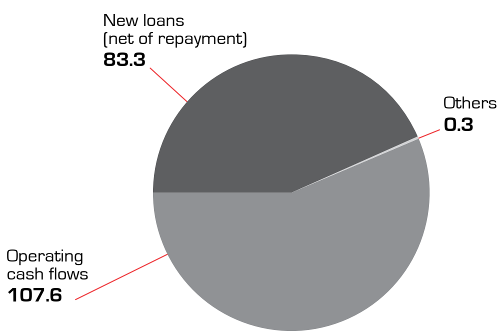
CASH FLOWS FROM FINANCING ACTIVITIES _ Financing activities provided cash flows of $36.7 million, compared with $49.6 million a year earlier. The main financing activities were as follows:

- The Company used an additional $83.1 million of its long-term credit facility, net of repayments ($39.8 million in 2007) primarily to finance acquisitions. The Company did benefit, however, from $7.0 million invested by certain minority shareholders for these same acquisitions in 2007;
- The Company decreased its bank indebtedness by $37.0 million ($11.7 million used in 2007). This reimbursement was possible thanks to, among other things, funds generated by operations and the improvement of payment terms of the accounts payable generated by the activities of entities acquired in 2008;
- The Company paid dividends totalling $8.5 million ($8.3 million in 2007), or $0.43 per share ($0.42 per share, in 2007), to common shareholders;
- In addition, the Company paid out $1.0 million to repurchase some of its common shares resulting from its normal course issuer bid.

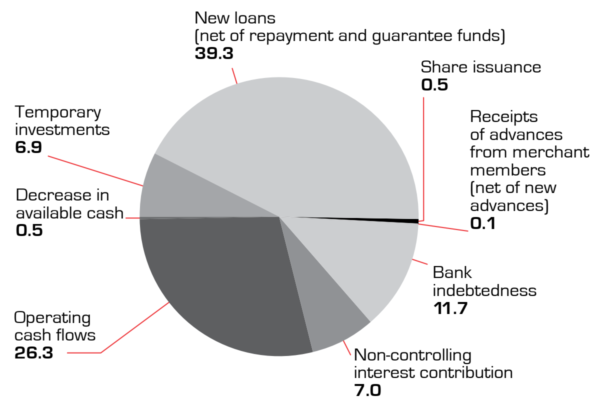
After accounting for the various cash flows for 2008, especially the significant investments made during the year, the Company's cash and cash equivalents increased by $9.1 million to $9.7 million in 2008 from $0.6 million in 2007.

SOURCES AND USE OF FUNDS (IN $M)

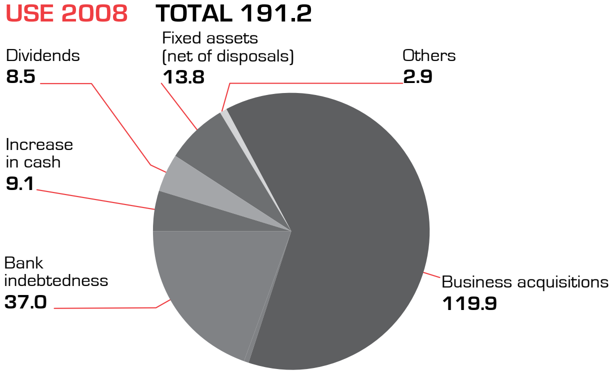
SOURCES 2008 TOTAL 191.2



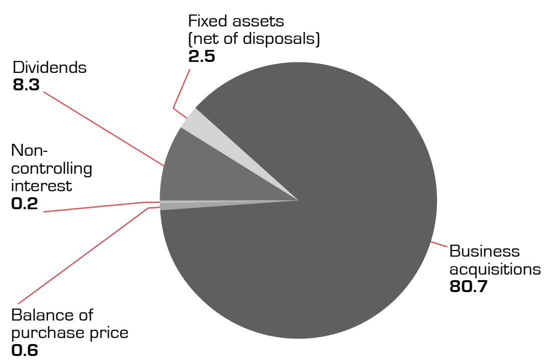
SOURCES 2007 TOTAL 92.3



USE 2008 TOTAL 191.2



USE 2007 TOTAL 92.3



FINANCIAL SITUATION

Changes in the Company's balance-sheet items mainly reflect the acquisitions made during the year and the impact the exchange-rate fluctuations had on certain items during the year.

As at December 31, 2008, working capital items amounted to $477.6 million, up $150.7 million from the $326.9 million posted in 2007. However, excluding the increase in working capital from business acquisitions completed during the year as well as the impact of currency fluctuations, the working capital items decreased by $39.9 million and can be attributed primarily to better management of payables as well as to the payment terms of accounts payable generated by the activites of entities acquired in 2008.

Fixed assets amounted to $54.9 million as at December 31, 2008, up $13.4 million from the $41.5 million posted a year earlier. This increase is attributable to two main factors: the acquisition of operational fixed assets totalling $14.5 million ($10.2 million in 2007), the acquisition of fixed assets through business acquisitions totalling $5.8 million ($5.4 million in 2007), and exchange-rate fluctuations which accounted for $4.9 million offset by the depreciation of $11.2 million ($8.7 million in 2007). In accordance with the Company's strategy of operating with a minimal capital asset base, fixed assets accounted for only 6.3% of total assets as at December 31, 2008 compared with 6.7% a year earlier.

Intangible assets rose by $7.8 million compared to last year as a result of acquisitions completed in 2008. These assets include a trademark and various customer relationships.

Goodwill rose by $34.6 million, to $99.5 million as at December 31, 2008, from $64.9 million in 2007, following business acquisitions, which accounted for $24.2 million of this increase ($24.8 million in 2007) while exchange-rate fluctuations increased this asset by $10.4 million.

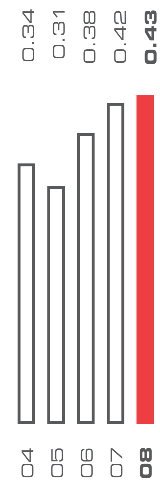
As at December 31, 2008, Uni-Select's total assets amounted to $874.1 million, against $615.6 million at the same date in 2007.

Long-term debt increased by $117.9 million, to $210.0 million as at December 31, 2008, from $92.1 million in 2007. This can be attributed primarily to the financing of acquisitions totalling $83.1 million, added to that the exchange-rate fluctuations representing $34.7 million. As at December 31, 2008, total net indebtedness stood at $208.3 million, compared with $134.9 million in 2007.

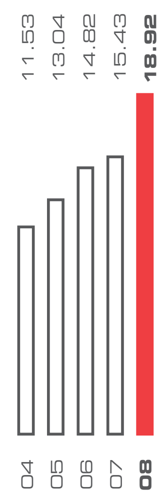
Shareholders' equity amounted to $372.7 million ($18.92 per common share) as at December 31, 2008, an increase of $68.1 million, or 22.4%, over the $304.6 million ($15.43 per share) reported for 2007. This increase can be attributed to net earnings for the period, net of dividends paid, added to exchange-rate fluctuations representing $37.3 million affecting the net investment in self-sustaining foreign subsidiaries and changes to financial derivative instruments as presented in comprehensive income.

Total net debt to total invested capital ratio rose from 30.7% at the close of fiscal 2007 to 35.8% as at December 31, 2008, and the long-term debt to shareholders' equity ratio increased from 32.7% in 2007 to 58.4% in 2008. Notably, acquisitions completed during the year, did not contribute to the results of the period proportionally to the increase in long-term debt on the balance sheet.

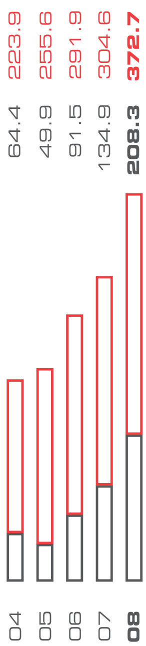
Therefore, Uni-Select remains in a solid financial position to pursue its current operations and expansion projects. In addition, in March 2008, the Company increased its credit facility by $100 million, to $325 million from $225 million. This credit facility comprises a revolving credit of $235 million, compared with the previous $165 million, and expires in October 2011. The credit facility also includes a $90 million operating credit, up from $60 million. As at December 31, 2008, the Company benefited from an unused credit facility of approximately $116 million to pursue its strategy of expansion through acquisitions, strategic alliances and partnerships.



DIVIDEND PER COMMON SHARE
(in $)



BOOK VALUE PER COMMON SHARE
(in $)



CAPITAL STRUCTURE
(in $M)

Shareholders' equity
Total interest-bearing debt, net of available cash

OUTLOOK, REQUIREMENTS AND SOURCES OF FUNDS IN 2009

The 2009 year is the second year of the five-year plan presented last year. Uni-Select's Management intends to pursue its 2008-2012 strategic plan which encompasses the following three sections: expansion by taking advantage of acquisition opportunities as they present themselves, facilitate organic growth in certain niches and specific distribution channels and increase efficiency through more effective management information systems.

With respect to the plan for expansion, Management will continue seeking out expansion projects in the U.S. in order to capitalize on, among other things, opportunities that the current economic situation may generate.

With regards to organic growth, in addition to the full contribution of acquisitions completed in 2008 and of national contracts concluded during the year, the Company should benefit over the coming quarters from additional sales for foreign nameplate vehicle parts and from the fleet program. Despite intense competition in the automotive aftermarket, the industry dynamic is generally favourable in North America due notably to the significant decrease in sales of new vehicles which results in the accelerated aging of the vehicle float.

Programs aimed at improving the management of Automotive Group Canada's and Automotive Group USA's corporate stores and efforts invested in the various reorganization and integration plans for businesses acquired, as described in the Review of Operations, should have a positive impact on the Company's profitability. In addition, Uni-Select will continue to maximize synergies resulting from its operations in the central region of the Atlantic coast as a consequence of the acquisition of certain assets from Parts Depot, Inc. particularly through further synchronization of distribution channels, product lines and marketing programs.

In terms of financing requirements, in addition to the funds required for business development, Uni-Select has planned capital expenditures of approximately $30 million for each of the next two years, related primarily to the upgrading of its information systems and the modernization of its fleet of trucks in the United States. Following the development of the three-year plan and in order to be able to maintain the Company's orderly and accelerated growth, Uni-Select reviewed its internal and external information systems requirements. This review was followed by a detailed plan on the scope of the development as well as by the evaluation of alternatives. This exercize was completed by the selection of the SAP software as an Enterprise Resource Planning System. Subject to negotiations and usual approval, Uni-Select foresees developing the new system during the course of 2009 and 2010 with its implementation during the course of the following two years.

Uni-Select will continue to bring value to its shareholders in accordance with its dividend policy and will analyze, as it does every year, the pertinence in repurchasing its shares on the market. Approximately 50,000 shares were repurchased in 2008.

Operating cash flows, combined with the Company's available credit facility whose long-term portion will expire in October 2011, should suffice to cover these various funding requirements. Management is negotiating more advantageous payment terms with its principal suppliers and this initiative should have a favourable impact on working capital items and on cash flows related to operating activites. Furthermore, the Company continues to optimize its asset base. In the event of an expansion opportunity requiring more substantial resources, Uni-Select would assess the various alternatives at its disposal.

CAPITAL STOCK

As at December 31, 2008, Uni-Select's capital stock consisted of 19,694,358 common shares issued and outstanding, compared with 19,736,558 as at December 31, 2007. In 2008, Uni-Select issued 6,000 common shares, all related to the exercize of stock options by officers. Pursuant to its normal course issuer bid, the Company repurchased 48,200 common shares for a cash amount of $1.0 million, including a premium on the repurchase in the amount of $0.9 million recorded as a reduction to retained earnings. *(Further information on the stock option plan for management employees and officers as at December 31, 2008 is provided in Note 20 to the Consolidated Financial Statements in the Annual Report.)*

As at the date hereof, being March 10, 2009, Uni-Select's common stock consists of 19,694,358 common shares issued and outstanding. In addition, pursuant to the Company's stock option plan, options to purchase 95,928 common shares are outstanding.

CONTRACTUAL OBLIGATIONS

The following table summarizes, as at December 31, 2008, the payments due by period under the Company's contractual and other obligations.

(in thousands of dollars)	2009	2010	2011	2012	2013 and following	Total
Long-term debt	108	465	209,246	40	86	**209,945**
Capital lease obligations	11	50	18	1	2	**82**
Contractual obligations	29,557	25,064	20,805	15,232	30,832	**121,490**
	29,676	**25,579**	**230,069**	**15,273**	**30,920**	**331,517**

FINANCIAL INSTRUMENTS

Derivative financial instruments are utilized to reduce the interest-rate risk on the Company's debt. The Company does not enter into financial instruments for trading or speculative purposes. As at December 31, 2007, the Company was not using financial instruments. Furthermore, in January and October 2008, it entered into various interest-rate swap agreements as part of its program to manage the floating interest rate of its total debt portfolio and related overall cost of borrowing. These contracts, amounting to US$120 million, expire in three equal portions of $40 million in 2011, 2012 and 2013 and bear an average interest rate of 3.68%.

(Further information on financial instruments is provided in Notes 2, 3 and 26 to the Consolidated Financial Statements in the Annual Report.)

RISK MANAGEMENT

INDUSTRY AND ECONOMY RELATED RISKS _ The motor vehicle replacement parts and accessories distribution market partly depends on economic conditions, the size and use of the vehicle population, and advances in technology. Other pivotal factors such as inflation, foreign exchange and interest rate fluctuations could also impact the Company's results.

ECONOMIC CLIMATE _ The economic climate has a moderate impact on the Company's sales of automotive replacement parts and operations. In fact, although the automotive aftermarket industry is to some extent dependent on the sale of new cars, it is not nearly as affected by the current economic situation, since the decision to make car repairs is far less discretionary and less expensive than buying a new vehicle. Furthermore, approximately 65% of the Company's sales come from the sale of key replacement parts required for the proper functioning of motor vehicles and, as a consequence, these sales are less arbitrary than the sale of accessories.

However, the Heavy Duty Group is somewhat more sensitive to external factors such as a recession. The heavy-duty industry is directly affected by the level of economic activity.

GROWTH IN NUMBER OF REGISTERED VEHICLES _ Although the growth of the number of registered vehicles in North America is relatively modest, the decline of sales for new vehicles has resulted in an aging vehicle population, leading to an increase in the demand for replacement parts.

The automotive aftermarket shares certain suppliers with the automobile manufacturers; the decline in the demand for new vehicles and the closure of car assembly plants in North America could negatively affect the financial strength of these suppliers. In order to reduce this risk, the Company regularly reviews the diversification of its supply sources.

On the other hand, the growing number of car models over the last few years, coupled with their longer lifespan, is translating into a proliferation of replacement parts, imposing financial constraints on distributors and merchants who must carry a greater selection of parts to ensure adequate availability. This factor is partially offset by the fact that manufacturers are integrating increasingly sophisticated technological components into their vehicles, so each part serves more purposes and costs more to repair, which is favourable to the replacement parts industry.

The rise in the proportion of foreign vehicle nameplates in the North American vehicle population is also at the core of the growing number of car models and the proliferation of replacement parts. This situation, together with the arrival of increasingly complex technology and to the greater number of electronic components being used in cars are two aspects that tend to favour dealers when it comes to vehicle maintenance. On the other hand, any potential downsizing of automobile dealers could result in a trend towards the aftermarket network for vehicle maintenance and repairs.

TECHNOLOGY _ Technological developments over the past years require that distributors and merchants offer ongoing training programs to their employees and give them access to new diagnostic tools. Uni-Select manages the potential impact of such trends through the scope and quality of the training and support programs it provides to independent merchants, their employees and customers. It also offers efficient and modern technologies to its customers in the areas of data management, warehouse management and telecommunications.

INFLATION _ In general, Management estimates that inflation has little impact on the Company's financial results, as any increase in price imposed by manufacturers is passed on to consumers. Nevertheless, low inflation or deflation in the value of replacement parts on the market can have a negative impact on its distribution centres' profitability.

EXCHANGE RATE _ Exchange rate fluctuations between the U.S. and Canadian currency can affect the value of the Company's consolidated sales in Canadian dollars and its profitability. The potential impact on its profitability is reduced by the fact that the breakdown of its sales and purchases between the two currencies naturally protects it against such fluctuations. The most recent analysis shows that a $0.01 variation in the Canadian dollar versus the U.S. dollar would have an impact of $0.015 per share on the Company's results. This impact is strictly accounting in nature and does not affect cash flows.

INTEREST RATE _ Finally, despite its increased indebtedness to finance its expansion in the United States, Uni-Select remains in solid financial health. Notably, certain financial ratios in the December 31, 2008 balance sheet were affected by the impact of acquisitions completed in recent quarters which did not contribute to the results of the Company for an entire year. Combined with its significant cash flows from operations and the annualized contribution to results from acquired activities, the Company is relatively sheltered from the risks associated with a sharp rise in interest rates. All things being otherwise equal, a 0.50% variation in the base rate would have an impact on results of approximately $0.01 per share.

RISKS RELATED TO UNI-SELECT'S BUSINESS MODEL AND STRATEGY _ In the automotive replacement parts market, Uni-Select's business model, which is primarily focused on servicing independent jobbers (rather than a network of corporate stores), requires that the Company take special measures to promote its merchant members' loyalty and long-term survival. Uni-Select's fundamental approach is to drive the growth, competitiveness and profitability of its members and customers by means of a total business solution that incorporates good purchasing conditions, proactive management of product selection, highly efficient distribution services, innovative marketing programs and various support services, such as training and financing. In the context of the industry consolidation, which is also occurring at the jobber level, the Company has developed programs designed to facilitate its merchants' expansion through acquisitions.

Furthermore, considering that the owners of replacement parts stores are generally aging, Uni-Select has also implemented succession programs to enable merchants who wish to retire to sell their business to a family member, an employee or another member of Uni-Select's network. If applicable, Uni-Select may decide to purchase this merchant's business in order to protect its distribution network.

The Company's growth-by-acquisition strategy, especially in the United States, carries its share of risks. Uni-Select has developed solid know-how in this regard, having successfully acquired and integrated many businesses within the past five years alone, including the two largest in its history which are being integrated as planned. To limit its risk, the Company has adopted a targeted and selective acquisition strategy, conducts extensive due diligence and designs detailed integration plans. Finally, Uni-Select's multidisciplinary team is able to accurately assess and manage the risks specific to the markets where it does business, particularly in the United States.

As recommended by regulatory authorities, in recent years Uni-Select has set up an operational, strategic and financial risk-analysis and control system under the direct responsibility of the Board of Directors.

CHANGES IN ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS, HEDGES, COMPREHENSIVE INCOME AND EQUITY _ 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 replaces Section 3861, "Financial Instruments – Dislosure and Presentation" which the Company had adopted on January 1, 2007. Section 3862 describes the required disclosures related to the importance of financial instruments on the financial position and performance of an entity and the nature and extent of risks arising from financial instruments to which the entity is exposed and how it manages those risks. This Section complements the principles of recognition, measurement and presentation of financial instruments of Sections 3855, "Financial Instruments – Recognition and Measurement", 3865, "Hedges" which the Company had adopted on January 1, 2007 as well as Section 3863, "Financial Instruments – Presentation".

Section 3863 replaces Section 3861, "Financial Instruments – Dislosure and Presentation" which the Company had adopted on January 1, 2007. This Section establishes the standards for disclosing information relating to 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 Section 1535 of the CICA Handbook, "Capital Disclosures". This Section establishes standards for disclosing information about an entity's capital and how it is managed to enable users of financial statements to evaluate the entity's objectives, policies and procedures for managing capital.

The adoption of this Section requires that information on capital management now be included in the notes to the consolidated financial statements (Note 25).

INVENTORY _ On January 1, 2008, in accordance with the applicable transitional provisions, the Company adopted the new recommendations of Section 3031 of the CICA Handbook, "Inventories". This Section provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-downs to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventory. Additional disclosure is also required under this Section.

The adoption of this Section resulted in the Company having to expand its disclosure in the form of a note.

FUTURE ACCOUNTING STANDARDS

INTERNATIONAL FINANCIAL REPORTING STANDARDS _ In February 2008, the Canadian Accounting Standards Board of the CICA announced 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 the Canadian standards.

In 2008, the Company established a global changeover plan, notably including the identification of accounting policies and corresponding standards which could potentially impact the recognition, measurement and disclosure requirements within its financial statements. A detailed analysis of the differences between the IFRS and certain standards adopted by the Company was conducted during the year.

In 2009, the Company plans on completing the detailed analysis of all standards which may affect its financial statements in order to determine the eventual impact the IFRS would have on them. The Company will also continue training its employees and ensure that information systems used optimize the gathering of the required information for purposes of the IFRS.

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 1, 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 the 2009 fiscal year and estimates that the application of this new Section will have no impact.

USE OF ESTIMATES

The preparation of financial statements in accordance with Canadian GAAP requires the Company's Management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Such estimates are based on Management's best knowledge of current events and actions that the Company might take in the future. Actual results could differ, if such estimates were modified. The main estimates are described below.

GOODWILL AND UNAMORTIZABLE TRADEMARKS _ Goodwill is the excess of the cost of an acquired entity over the net amount assigned to assets acquired and liabilities assumed. Goodwill is not amortized. Each year, or more often if events or changes in circumstances indicate a decrease in fair value, it is tested for impairment. The impairment test involves comparing the fair value of the Company's business units with its carrying amount. If the carrying amount of a business unit exceeds its fair value, the Company compares the fair value of any goodwill relating to the business unit to its carrying amount. An impairment loss equal to the amount of the excess is charged to earnings. The fair value of the business unit is calculated using discounted cash flows. Based on the impairment tests performed as at December 31, 2008 and taking into account the various assumptions and estimates, the Company concluded that no goodwill impairment charge was required.

Unamortizable trademarks are also tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the future discounted cash flows expected from the asset. The loss is determined by comparing the book value of the asset to its fair value. The fair value is based on discounted cash flows. Based on the impairment tests performed as at December 31, 2008 and taking into account the various assumptions and estimates, the Company concluded that no unamortizable trademark impairment charge was required.

OTHER LONG-TERM ASSETS _ Long-term assets are tested for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying amount of a long-term asset is not recoverable when it exceeds the sum of the undiscounted cash flows expected from its use and eventual disposal. In such a case, an impairment loss must be recognized and is equivalent to the excess of the carrying amount of the long-term asset over its fair value.

ALLOWANCE FOR SURPLUS OR OBSOLETE INVENTORY _ Inventory is valued at the lower of net realizable value or cost calculated using the first in, first out method. The Company records an allowance for estimated obsolescence calculated on the basis of assumptions about the future demand for its products and conditions prevailing in the markets where its products are sold. This allowance, which reduces inventory to its net realizable value, is then entered as a reduction of inventory in the consolidated balance sheet. Management must make estimates and judgments when establishing such allowances. In the event that actual market conditions are less favourable than the Company's assumptions, additional allowances could prove necessary.

INCOME TAXES _ The Company uses its best judgment to determine its current and future tax liabilities. There are many factors in the normal course of business that affect the effective tax rate, since the ultimate tax outcome of some transactions and calculations is uncertain. The Company could, at any time, be subject to an audit by various tax authorities in each of the jurisdictions in which it operates. A number of years may elapse before a particular matter for which the Company has established a reserve is audited and resolved. The number of years with open tax audits varies depending on the tax jurisdiction. Management believes that its estimates are reasonable and reflect the most probable outcome of known tax contingencies, although the final results are difficult to predict. If the outcome of a tax audit were to result in a different treatment than the one used by Management, the reserve may have to be adjusted.

FUTURE EMPLOYEE BENEFITS _ The cost of retirement plans and accrued pension benefit obligations are determined by independent actuaries using the projected benefit method prorated on services. This method is based on Management's best economic and demographic estimates for expected plan investment performance, salary escalation and retirement ages of employees. The use of different assumptions could generate different accounting values for accrued benefits, affecting the cost of the defined benefit plans.

VENDOR REBATES _ Uni-Select negotiates purchasing agreements with suppliers that provide for the payment of volume discounts. Moreover, the purchasing agreements between Uni-Select and its Canadian merchants, as well as some of its U.S. merchants, provide for the payment of discounts based on these merchants' purchasing volume. Purchasing agreements with suppliers are periodically reviewed and discount levels may be adjusted on the basis of prevailing market conditions. Uni-Select may also periodically adjust the discounts granted to merchants on the basis of market conditions for the targeted products. Uni-Select records merchant discounts as a reduction of sales. The discounts earned from suppliers are recorded as a reduction of cost of sales. The net discount applicable to a targeted product is deducted from the year-end inventory valuation.

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

In 2008, Management finalized its work on implementing Canadian Securities Authorities National Instrument 52-109, "Certification of Disclosure in Issuer's Annual and Interim Filings" ("NI 52-109"). This work was performed in accordance with the recognized control framework of COSO (Committee of Sponsoring Organizations of the Treadway Commission).

This year's efforts focused on updating the documentation and evaluating the effectiveness of the Company's disclosure controls and procedures and internal control over financial reporting for the operations acquired more than 365 days before the end of the fiscal period ended December 31, 2008.

DISCLOSURE CONTROLS AND PROCEDURES _ Uni-Select has evaluated its disclosure controls and procedures in accordance with the guidelines of NI 52-109. On December 31, 2008, the President and Chief Executive Officer and the Vice President and Chief Financial Officer concluded that the Company's disclosure controls and procedures are properly designed and effective.

INTERNAL CONTROL OVER FINANCIAL REPORTING _ Uni-Select evaluated the design of internal control over financial reporting as of December 31, 2008, in accordance with the guidelines of NI 52-109. This evaluation allowed the President and Chief Executive Officer and the Vice President and Chief Financial Officer to conclude that internal control over financial reporting was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian generally accepted accounting principles.

In addition, this work allowed Management to determine that, during the year ended December 31, 2008, no change to internal control over financial reporting has occurred that has materially affected, or is reasonably likely to have materially affected, such control.

FORWARD-LOOKING STATEMENTS

The Management Report is designed to assist investors in understanding the nature and the importance of the changes and trends, as well as the risks and uncertainties associated with Uni-Select's operations and financial position. Certain sections of this Management Report and other sections of the 2008 Annual Report contain forward-looking statements within the meaning of securities legislation concerning the Company's objectives, projections, estimates, expectations or forecasts. These forward-looking statements are subject to a number of risks and uncertainties, such that actual results could differ materially from those indicated or underlying these forward-looking statements. The major factors that may lead to a material difference between the Company's actual results and the projections or expectations expressed in these forward-looking statements are described in the "Risk Management" section of this Management Report. Besides these major factors, the Company's results are dependent on the competition, consumers' purchasing habits, vehicle population trends, general economic conditions and the Company's financing capabilities.

There can be no assurance as to the realization of the results, performance or achievements as expressed or implied by the 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.

ADDITIONAL INFORMATION

Additional information about the Company is available on the SEDAR website (www.sedar.com).

Richard G. Roy, CA
President and Chief Executive Officer

Denis Mathieu, CA
Vice President and Chief Financial Officer

March 10, 2009

CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT'S REPORT

Relating to the consolidated financial statements

The consolidated financial statements and other financial information included in this annual report are the responsibility of the Company's management. The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and approved by the Board of Directors.

Uni-Select Inc. maintains internal control systems which, according to the management, reasonably ensure the accuracy of the financial information and maintain proper standards of conduct in the Company's activities.

The Board of Directors fulfills its responsibility regarding the consolidated financial statements included in the annual report, primarily through its audit committee. This committee, which meets periodically with the Company's directors and external auditors, has reviewed the consolidated financial statements of Uni-Select Inc. and has recommended that they be approved by the Board of Directors.

The consolidated financial statements have been audited by the Company's external auditors, Raymond Chabot Grant Thornton LLP chartered accountants.

R. Roy

Richard G. Roy, CA
President and Chief Executive Officer

Denis Mathieu, CA
Vice President and Chief Financial Officer

Boucherville
March 3, 2009

AUDITORS' REPORT

To the Shareholders of
Uni-Sélect Inc.

We have audited the consolidated balance sheets of Uni-Sélect Inc. as at December 31, 2008 and 2007 and the consolidated statements of earnings, comprehensive income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Raymond Chabot Grant Thornton LLP[1]

Montréal
March 3, 2009

[1] Chartered accountant auditor permit no. 18865

Uni-Select Inc.
Consolidated Earnings

Years ended December 31, 2008 and 2007

(In thousands of dollars, except earnings per share)

	2008	2007
	$	$
Sales	**1,316,930**	1,168,289
Earnings before the following items:	**92,489**	80,010
Interest (Note 5)	**8,007**	6,255
Amortization (Note 5)	**11,615**	9,181
	19,622	15,436
Earnings before income taxes and non-controlling interest	**72,867**	64,574
Income taxes (Note 6)		
Current	**12,918**	26,226
Future	**10,527**	(5,344)
	23,445	20,882
Earnings before non-controlling interest	**49,422**	43,692
Non-controlling interest	**3,502**	2,851
Net earnings	**45,920**	40,841
Earnings per share (Note 7)		
Basic and diluted earnings per share	**2.33**	2.07

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

Uni-Select Inc.
Consolidated Comprehensive Income
Consolidated Retained Earnings

Years ended December 31, 2008 and 2007

(In thousands of dollars)

	2008	2007
	$	$
CONSOLIDATED COMPREHENSIVE INCOME		
Net earnings	**45,920**	40,841
Other comprehensive income		
Unrealized losses on derivative financial instruments designated as cash flow hedges (net of income taxes of $2,900)	**(6,221)**	
Gain on a derivative financial instrument designated as cash flow hedges prior to January 1, 2007, transferred to net earnings in the current period (net of income taxes of $81)		(173)
Reclassification of realized losses to net earnings on derivative financial instruments designated as cash flow hedges (net of income taxes of $159)	**342**	
Unrealized loss on translation of bank indebtedness incurred in 2008 and designated as a hedge of net investments in self-sustaining foreign subsidiairies	**(2,717)**	
Unrealized gains (losses) on translating financial statements of self-sustaining foreign operations	**40,002**	(20,245)
Other comprehensive income	**31,406**	(20,418)
Comprehensive income	**77,326**	20,423
CONSOLIDATED RETAINED EARNINGS		
Balance, beginning of year	**287,712**	255,355
Net earnings	**45,920**	40,841
	333,632	296,196
Redemption of common shares	**903**	
Dividends	**8,488**	8,484
Balance, end of year	**324,241**	287,712

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

Uni-Select Inc.
Consolidated Cash Flows
Years ended December 31, 2008 and 2007

(In thousands of dollars)

	2008	2007
	$	$
OPERATING ACTIVITIES		
Net earnings	**45,920**	40,841
Non-cash items		
Amortization	**11,615**	9,181
Amortization of deferred gain on a sale-leaseback arrangement	**(258)**	(176)
Future income taxes	**10,527**	(5,344)
Compensation cost relating to stock option plans	**227**	
Non-controlling interest	**3,502**	2,851
	71,533	47,353
Changes in working capital items (Note 8)	**36,024**	(21,104)
Cash flows from operating activities	**107,557**	26,249
INVESTING ACTIVITIES		
Temporary investment		6,897
Business acquisitions (Note 9)	**(119,878)**	(80,685)
Non-controlling interest (Note 9)		(228)
Investments	**(1,356)**	
Advances to merchant members	**(4,822)**	(3,753)
Receipts on advances to merchant members	**4,715**	3,830
Fixed assets	**(14,464)**	(10,171)
Disposal of fixed assets	**678**	7,685
Cash flows from investing activities	**(135,127)**	(76,425)
FINANCING ACTIVITIES		
Bank indebtedness	**(37,035)**	11,741
Balance of purchase price	**259**	(577)
Non-controlling interest contribution		7,008
Financing costs	**(414)**	
Long-term debt	**85,114**	42,699
Repayment of long-term debt	**(2,016)**	(2,885)
Merchant members' deposits in guarantee fund	**174**	(536)
Issuance of shares	**88**	528
Share redemption	**(1,025)**	
Dividends paid	**(8,492)**	(8,333)
Cash flows from financing activities	**36,653**	49,645
Increase (decrease) in cash and cash equivalents	**9,083**	(531)
Cash and cash equivalents, beginning of year	**599**	1,130
Cash and cash equivalents, end of year	**9,682**	599

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

Uni-Select Inc.
Consolidated Balance Sheets

December 31, 2008 and 2007

(In thousands of dollars)

	2008	2007
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	**9,682**	599
Accounts receivable (Note 10)	**180,308**	141,043
Income taxes receivable	**9,051**	1,370
Inventory	**482,340**	341,545
Prepaid expenses	**6,742**	4,959
Future income taxes (Note 6)	**10,172**	8,671
	698,295	498,187
Investments and volume discounts receivable, at cost (Note 12)	**8,710**	7,406
Fixed assets (Note 13)	**54,939**	41,526
Financing costs	**785**	488
Intangible assets (Note 14)	**8,147**	330
Goodwill (Note 15)	**99,501**	64,858
Future income taxes (Note 6)	**3,707**	2,778
	874,084	615,573
LIABILITIES		
Current liabilities		
Bank indebtedness (Note 16)		35,887
Accounts payable (Note 17)	**212,581**	132,660
Dividends payable	**2,118**	2,122
Instalments on long-term debt and on merchant members' deposits in guarantee fund (Notes 18 and 19)	**327**	577
Future income taxes (Note 6)	**5,676**	
	220,702	171,246
Deferred gain on a sale-leaseback arrangement	**2,641**	2,338
Long-term debt (Note 18)	**209,907**	91,786
Merchant members' deposits in guarantee fund (Note 19)	**7,724**	7,294
Derivative financial instruments	**8,620**	
Future income taxes (Note 6)	**5,013**	3,838
Non-controlling interest	**46,776**	34,498
	501,383	311,000
SHAREHOLDERS' EQUITY		
Capital stock (Note 20)	**49,838**	49,872
Contributed surplus	**227**	
Retained earnings	**324,241**	287,712
Accumulated other comprehensive income (Note 21)	**(1,605)**	(33,011)
	322,863	254,701
	372,701	304,573
	874,084	615,573

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

On behalf of the Board,

Jean-Louis Dulac
Director

Jean Guénette
Director

1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

The Company, incorporated under Part IA of the Companies Act (Québec), is a wholesale distributor and trader of automotive replacement parts.

2 - ACCOUNTING CHANGES

Financial instruments, hedges, comprehensive income and equity

On January 1, 2008, in accordance with the applicable transitional provisions, the Company adopted the new recommendations of the *Canadian Institute of Chartered Accountants' Handbook (CICA Handbook)* included in Section 3862, "Financial Instruments - Disclosures", and Section 3863, "Financial Instruments - Presentation".

Section 3862 replaces Section 3861, "Financial Instruments - Disclosure and Presentation", which the Company adopted on January 1, 2007. This section describes the required disclosures that enable users to evaluate the significance of financial instruments for the Company's financial position and performance and the nature and extent of risks arising from financial instruments to which the Company is exposed and how the Company manages those risks. This section complements the principles of recognition, measurement and presentation of financial instruments of Section 3855, "Financial Instruments - Recognition and Measurement", Section 3865, "Hedges", which the Company adopted on January 1, 2007 as well as Section 3863, "Financial Instruments - Presentation".

Section 3863 replaces Section 3861, "Financial Instruments - Disclosure and Presentation", which the Company adopted on January 1, 2007. This section 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.

The adoption of this section implied that information is now included in the notes to the consolidated financial statements (Note 25).

Inventories

On January 1, 2008, in accordance with the applicable transitional provisions, the Company prospectively 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 did not have a significant impact on the earnings, the financial position and the cash flows of the Company.

3 - ACCOUNTING POLICIES

Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. The most significant estimates are the evaluation of accounts receivable, inventory, impairment of long-lived assets, evaluation of goodwill and intangible assets, employees future benefits, income taxes and vendor rebates. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from these estimates.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, as well as the pro rata share of the assets, liabilities, revenues and expenses of the joint ventures in which the Company holds an interest. This share is accounted for according to the proportionate consolidation method.

(In thousands of dollars, except for per share amounts)

3 - ACCOUNTING POLICIES (Continued)

Revenue recognition

The Company recognizes revenues upon shipment of goods, net of trade discounts, when all of the benefits and risks relating to ownership have been transferred, when the sale has been accepted by the customer and when collection is reasonably assured.

The Company offers its customers a right of return. At the time of revenue recognition, the Company records a provision for the right of return which is based on the Company's historical experience and management's assumptions.

Evaluation of inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method.

Cash and cash equivalents

Cash and cash equivalents include cash and temporary investments maturing less than three months from the acquisition date. As at December 31, 2008 and 2007, the Company has no temporary investments.

Self-insurance

In the United States, the Company is self-insured for certain losses related to general liability and workers' compensation. The expected ultimate cost for claims incurred as of the balance sheet date is not discounted and is recognized as a liability. This cost is estimated based upon analysis of the Company's historical data and independent actuarial estimates.

Vendor rebates

The Company records cash consideration received from vendors as a reduction in the price of vendors' products and reflects it as a reduction to cost of goods sold and related inventory when recognized in the consolidated statements of earnings and consolidated balance sheets. Certain exceptions apply where the cash consideration received is either a reimbursement of incremental selling costs incurred by the reseller or a payment for goods or services delivered to the vendor in which case the rebate is reflected as a reduction of operating expenses.

Amortization

Fixed assets are amortized over their estimated useful lives according to the straight-line method and the following annual rates and period:

	Rates and period
Paving	10%
Buildings	2.5% and 5%
Furniture and equipment	10% and 20%
Software and automotive equipment	33%
Computer equipment	14.3% and 20%
Leasehold improvements	Lease term

Covenants not to compete are amortized using the straight-line method over a period of four years.
Customer relationships are amortized using the straight-line method over a period of 16 to 20 years.

Financing costs

Costs relating to the financing structure and the credit facility are amortized using the straight-line method over periods of three and five years.

Deferred gain on a sale-leaseback arrangement

The gain is amortized on a straight-line basis over the lease term.

3 - ACCOUNTING POLICIES (Continued)

Impairment of long-lived assets

Fixed assets and amortizable intangible assets are tested for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying amount of a long-lived asset is not recoverable when it exceeds the sum of the undiscounted cash flows expected from its use and eventual disposal. In such a case, an impairment loss must be recognized and is equivalent to the excess of the carrying amount of a long-lived asset over its fair value.

Goodwill and unamortizable trademarks

Goodwill is the excess of the cost of acquired enterprises over the net of the amounts assigned to assets acquired and liabilities assumed. Goodwill is not amortized. It is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it is impaired. The impairment test consists of a comparison of the fair value of the Company's reporting units with their carrying amount. When the carrying amount of a reporting unit exceeds the fair value, the Company compares the fair value of any goodwill related to the reporting unit to its carrying amount. An impairment loss is recognized in an amount equal to the excess. The fair value of a reporting unit is calculated based on evaluations of discounted cash flows.

Unamortizable trademarks are also tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the future discounted cash flows expected from the asset. The loss is determined by comparing the fair value of the asset to its carrying value. The fair value is calculated based on evaluations of discounted cash flows.

Income taxes

The Company uses the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined according to differences between the carrying amounts and tax bases of assets and liabilities. They are measured by applying enacted or substantively enacted tax rates and laws at the date of the financial statements for the years in which the temporary differences are expected to reverse.

Foreign currency translation

Monetary assets on the balance sheet, excluding those related to the self-sustaining U.S. subsidiaries, are translated at the exchange rate in effect at year-end whereas non-monetary items are translated at the historical rate. Revenues and expenses are translated at the rate in effect on the transaction date or at the average rate in effect for the year. Translation gains or losses are included in earnings for the year, except for the unrealized gains or losses on translation of the US$16,600 bank indebtedness (presented in reduction of cash and cash equivalents) designated as a hedge of net investments in self-sustaining foreign subsidiairies, which are included in other comprehensive income.

Assets and liabilities of the U.S. subsidiaries classified as self-sustaining from a financial and operational standpoint are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Revenues and expenses are translated at rates in effect on the transaction date. Unrealized gains and losses are included in other comprenhensive income and are included in earnings only when a reduction in the net investment in these foreign subsidiaries is realized.

The weighted average exchange rate for the earnings of the year is 1.07 for 2008 and 2007. Assets and liabilities of the self-sustaining U.S. subsidiaries are translated at a rate of 1.22 (0.99 in 2007).

3 - ACCOUNTING POLICIES (Continued)

Employee future benefits

The Company accrues its obligations under employee pension plans and the related costs, net of plan assets. The Company has adopted the following policies for defined benefit plans:

– The cost of pension benefits earned by employees is actuarially determined using the projected benefit method pro rated on years of service and is applied to earnings as the services are rendered. The calculations reflect management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees;

– For the purpose of calculating the expected return on plan assets, those assets are valued at fair value;

– Past service costs arising from plan amendments are deferred and amortized on a straight-line basis over the average remaining service period of active employees at the date of amendment;

– Actuarial gains (losses) arise from the difference between actual long-term rate of return on plans assets for a period and the expected long-term rate of return on plan assets for that period or from changes in actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the pension plan is 7 to 10 years.

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

Financial instruments

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

The Company has made the following classifications:

– Cash and cash equivalents are classified as financial assets held for trading. They are measured at fair value and fair value variations are recorded in net earnings;

– Accounts receivable, investments and volume discounts receivable are classified as loans and receivables. Accounts receivable, except for the current portion of investments, are recorded at cost, which, upon their initial measurement, is equal to their fair value. Subsequent measurements are recorded at amortized cost, which is generally equal to the initial measurement, less any allowance for doubtful accounts. Investments and volume discounts are recorded at cost, which is, when initially recorded, equal to the fair value. Subsequent valuations are recorded at amortized cost using the effective interest rate method less depreciation;

– Bank indebtedness, accounts payable, dividends payable, long-term debt and merchant members' deposits in guarantee fund are classified as other liabilities. They are initially measured at fair value. Subsequent valuations are recorded at amortized cost using the effective interest rate method;

– Derivative financial instruments used as cash flow hedges are measured at fair value at the end of each period, and gains and losses resulting from remeasurement are recorded in the other comprehensive income net of income taxes, to the extent effective. Any ineffectiveness is recognized in net earnings.

(In thousands of dollars, except for per share amounts)

3 - ACCOUNTING POLICIES (Continued)

Derivative financial instruments

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.

The Company's policy is to formally designate each derivative financial instrument as a hedge of a specifically identified debt instrument. The Company believes the derivative financial instruments are effective as hedges, both at inception and over the term of the instrument, as the term to maturity, the notional principal amount and the interest rate basis in the instruments all match the terms of the debt instrument being hedged.

Interest rate swap agreements are used 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. The interest rate swap agreements involve the periodic exchange of payments without the exchange of the notional principal amount upon which the payments are based, and are recorded as an adjustment of interest expense on the hedged debt instrument. The related amount payable to or receivable from counterparties is included as an adjustment to accrued interest.

In the event of early extinguishment of the debt obligation, any realized or unrealized gain or loss from the swap would be recognized in the consolidated statement of earnings at the time of extinguishment.

Stock-based compensation

The Company measures stock options granted to employees based on the fair value at the grant date by using Black & Scholes pricing model and a compensation expense is recognized on a straight-line basis over the vesting period, which is five years, with a corresponding increase in the contributed surplus. When the stock options are exercised, capital stock is credited by the sum of the consideration paid and the related portion previously recorded in the contributed surplus.

Earnings per share and information pertaining to number of shares

Earnings per share are calculated by dividing net earnings available for common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings per share are calculated taking into account the dilution that would occur if the securities or other agreements for the issuance of common shares were exercised or converted into common shares at the later of the beginning of the period or the issuance date. The treasury stock method is used to determine the dilutive effect of the stock options. This method assumes that proceeds of the stock options during the year are used to redeem common shares at their average price during the period.

Comparative figures

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

4 - INTERESTS IN JOINT VENTURES

The Company's share in the assets, liabilities, earnings and cash flows relating to its interests in joint ventures is as follows:

	2008	2007
	$	$
Current assets	**21,443**	20,684
Long-term assets	**4,751**	3,713
Current liabilities	**11,947**	11,974
Long-term liabilities	**1,098**	748
Sales	**51,756**	49,721
Earnings before interest, amortization, income taxes and non-controlling interest	**1,337**	1,535
Net earnings	**646**	803
Cash flows from operating activities	**3,098**	438
Cash flows from investing activities	**(381)**	(1,816)
Cash flows from financing activities	**(1,967)**	1,405

The Company's sales include sales to joint ventures in the amount of $20,206 in 2008 and $22,713 in 2007.

The Company's share of its joint ventures' commitments represents $2,641 in 2008 and $2,508 in 2007.

(In thousands of dollars, except for per share amounts)

5 - INFORMATION INCLUDED IN CONSOLIDATED EARNINGS

	2008	2007
	$	$
Other financial liabilities		
Interest on bank indebtedness	**2,680**	2,626
Interest on long-term debt	**5,582**	4,401
Interest on merchant members' deposits in guarantee fund	**305**	393
	8,567	7,420
Held-for-trading financial assets		
Interest income on cash and cash equivalents	**(68)**	(631)
Loans and receivables		
Interest income from merchant members	**(492)**	(534)
	(560)	(1,165)
	8,007	6,255
Amortization		
Amortization of fixed assets	**11,201**	8,674
Amortization of other assets	**414**	507
	11,615	9,181

6 - INCOME TAXES

The Company's effective income tax rate differs from the combined statutory rate in Canada. This difference arises from the following items:

	2008	2007
	%	%
Federal statutory rate	**19.50**	22.12
Provinces' tax rates	**11.72**	10.48
Combined statutory rate of the Company	**31.22**	32.60
Various tax rates applied in tax jurisdictions of foreign operations	**1.66**	1.04
Recognition of previously unrecorded tax benefits	**(0.50)**	(1.36)
Non-deductible expenses for tax purposes	**0.37**	0.20
Other	**(0.58)**	(0.14)
	32.17	32.34

The future income tax expense results primarily from changes in temporary differences.

Future income tax assets and liabilities result from differences between the carrying amount and the tax basis of the following:

	2008	2007
	$	$
Future income tax assets		
Current		
Non-capital losses carried forward	**1,712**	1,621
Allowance deductible during the coming year	**8,449**	7,036
Other	**11**	14
	10,172	8,671
Long-term		
Fixed assets	**46**	16
Pension plan allowance	**1,167**	1,081
Allowance for performance incentives	**488**	476
Deferred income	**1,012**	1,168
Other	**994**	37
	3,707	2,778

(In thousands of dollars, except for per share amounts)

6 - INCOME TAXES (Continued)

	2008	2007
	$	$
Future income tax liabilities		
Current		
Taxable income during the coming year	5,676	–
Long-term		
Fixed assets	3,663	2,831
Prepaid pension plan contributions	186	106
Financing costs	36	
Other	1,128	901
	5,013	3,838

7 - EARNINGS PER SHARE

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

			2008
	Net earnings	Weighted average number of shares	Earnings per share
	$		$
Basic earnings per share	45,920	19,724,417	2.33
Impact of stock options		19,268	
Diluted earnings per share	45,920	19,743,685	2.33

			2007
	Net earnings	Weighted average number of shares	Earnings per share
	$		$
Basic earnings per share	40,841	19,727,720	2.07
Impact of stock options		31,590	
Diluted earnings per share	40,841	19,759,310	2.07

8 - INFORMATION INCLUDED IN CONSOLIDATED CASH FLOWS

The changes in working capital items are detailed as follows:

	2008	2007
	$	$
Accounts receivable	8,417	(1,759)
Income taxes receivable	(7,021)	5,595
Inventory	(11,247)	(14,330)
Prepaid expenses	(808)	1
Volume discounts receivable	468	67
Accounts payable	46,218	(2,410)
Income taxes payable	(3)	(8,268)
	36,024	(21,104)

Cash flows relating to interest and income taxes on operating activities are detailed as follows:

	2008	2007
	$	$
Interest paid	7,723	7,331
Income taxes paid	22,957	28,466

(In thousands of dollars, except for per share amounts)

9 - 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 operating 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 as stated in the shareholders' agreement.

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

Taking into account acquisition costs of $361, the preliminary purchase prices are allocated as follows:

	Parts Depot (1)	Others	Total
	$	$	$
Current assets	66,437	32,058	98,495
Fixed assets	4,608	1,184	5,792
Customer relationships	4,616	1,600	6,216
Trademark		945	945
Other long-term assets	1,210	1,248	2,458
Goodwill	13,730	10,485	24,215
	90,601	47,520	138,121
Current liabilities	(2,490)	(15,779)	(18,269)
Long-term debt		(47)	(47)
	(2,490)	(15,826)	(18,316)
Net assets acquired	88,111	31,694	119,805
Cash of companies acquired	(31)	(249)	(280)
Total consideration paid less cash acquired	(88,080)	(31,798)	(119,878)
Balance of purchase price receivable		(353)	(353)

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

An amount of $2,731 will reduce the deductible portion of goodwill for tax purposes.

In 2007, the Company acquired the shares of three companies in the Automotive Canada segment as well as the assets and a portion of the liabilities of four companies operating in the Automotive Canada segment and eleven companies in the Automotive USA segment.

In addition, the Company increased its interest by 1.92% in its joint venture, Uni-Select Pacific Inc. Following this transaction, the Company's interest in the joint venture increased from 63.46% to 65.38%. This transaction was carried out at the carrying amount as stated in the sharholders' agreement.

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

(In thousands of dollars, except for per share amounts)

9 - BUSINESS ACQUISITIONS (Continued)

Taking into account acquisition costs of $460, the purchase prices are allocated as follows:

	$
Current assets	61,597
Fixed assets	5,432
Other long-term assets	111
Goodwill	24,842
	91,982
Current liabilities	(9,060)
Long-term debt	(575)
	(9,635)
Net assets acquired	82,347
Cash of companies acquired	(56)
Settlement of accounts receivable of companies acquired	(1,738)
Net acquisition	80,553
Total consideration paid less cash acquired	80,685
Balance of purchase price receivable	(132)

– Uni-Select USA Inc.:

  The Company acquired a non-controlling interest for a cash consideration of $228. Following this transaction, the Company's interest in its U.S. subsidiary increased by 0.09%, from 85.86% to 85.95%. Also, shares of the subsidiary have been issued for the financing of some business acquisitions, which have diluted the non-controlling interest. Following these transactions, the Company's interest in its U.S. subsidiary increased by 0.99% from 85.95% to 86.94%.

10 - ACCOUNTS RECEIVABLE

	2008	2007
	$	$
Trade accounts	**175,654**	137,316
Current portion of investments	**4,654**	3,727
	180,308	141,043

11- STOCK

Cost of inventory recognized as an expense for the year ended December 31, 2008 is $925,688.

12 - INVESTMENTS AND VOLUME DISCOUNTS RECEIVABLE

	2008	2007
	$	$
Shares of companies and advances, without interest or repayment terms	**392**	560
Preferred shares, interest rates varying between prime rate plus 1% and 12.25%, receivable in monthly instalments, maturing on various dates until 2019	**1,576**	
Advances to merchant members, interest rates varying between prime rate plus 1% and 10% (rates varying between 6% and prime rate plus 1% in 2007), receivable in monthly instalments, maturing on various dates until 2018	**10,206**	8,915
Volume discounts, without interest, receivable until 2012	**1,190**	1,658
	13,364	11,133
Current portion	**4,654**	3,727
	8,710	7,406

(In thousands of dollars, except for per share amounts)

13 - FIXED ASSETS

			2008
	Cost	**Accumulated amortization**	**Net**
	$	**$**	**$**
Land and paving	**1,327**	**290**	**1,037**
Buildings	**12,367**	**6,413**	**5,954**
Furniture and equipment	**36,000**	**22,825**	**13,175**
Computer equipment and software	**47,146**	**26,099**	**21,047**
Automotive equipment	**15,802**	**7,505**	**8,297**
Leasehold improvements	**10,212**	**4,783**	**5,429**
	122,854	**67,915**	**54,939**

			2007
	Cost	Accumulated amortization	Net
	$	$	$
Land and paving	1,202	277	925
Buildings	11,648	6,032	5,616
Furniture and equipment	29,685	19,341	10,344
Computer equipment and software	34,864	20,286	14,578
Automotive equipment	10,662	5,338	5,324
Leasehold improvements	7,785	3,046	4,739
	95,846	54,320	41,526

14 - INTANGIBLE ASSETS

			2008
	Cost	**Accumulated amortization**	**Net**
	$	**$**	**$**
Trademark	**1,164**		**1,164**
Customer relationships	**6,866**	**100**	**6,766**
Covenants not to compete	**689**	**472**	**217**
	8,719	**572**	**8,147**

			2007
	Cost	Accumulated amortization	Net
	$	$	$
Covenants not to compete	635	305	330

15 - GOODWILL

			2008
	Automotive Canada	**Automotive USA**	**Consolidated**
	$	**$**	**$**
Balance, beginning of year	**30,149**	**34,709**	**64,858**
Business acquisitions (Note 9)	**9,461**	**14,754**	**24,215**
Currency translation adjustment		**10,428**	**10,428**
Balance, end of year	**39,610**	**59,891**	**99,501**

			2007
	Automotive Canada	Automotive USA	Consolidated
	$	$	$
Balance, beginning of year	26,372	17,885	44,257
Business acquisitions (Note 9)	3,777	21,065	24,842
Currency translation adjustment		(4,241)	(4,241)
Balance, end of year	30,149	34,709	64,858

(In thousands of dollars, except for per share amounts)

16 - CREDIT FACILITIES

Parent company and certain of its subsidiaries

The Company has a credit facility in the amount of $325,000 ($225,000 in 2007). This credit facility is composed of a revolving credit of $235,000 ($165,000 in 2007) expiring in October 2011. The credit facility also includes an operating credit of $90,000 ($60,000 in 2007) expiring in October 2009 which is used for the issuance of letters of guarantee and is renewable annually in October. As at December 31, 2008, the issued letters of guarantee totalled $6,515 ($5,010 in 2007). This facility can be drawn either in Canadian dollars or in U.S. dollars.

The interest rates vary according to the type of loan and the financial ratios achieved by the Company and are set each quarter. As at December 31, 2008, interest rates vary between 1.4% and 3.75 % (5.35% and 7.75% in 2007).

Joint ventures

The authorized lines of credit amount to $11,238 ($10,180 in 2007) and are partially secured by the assets of one of the joint ventures with a book value of $28,615. The bank indebtedness bears interest at variable rates and is renewable on various dates annually. As at December 31, 2008, the interest rates vary between 1.4% and 3.5 % (5.35% and 6.5% in 2007).

17 - ACCOUNTS PAYABLE

	2008	2007
	$	$
Accounts payable and accrued liabilities	**211,850**	132,070
Balances of purchase prices, prime rate	**731**	590
	212,581	132,660

18 - LONG-TERM DEBT

	Current portion	**2008**	2007
	$	**$**	$
Revolving credit, average variable rate of 4.23% (6.44% in 2007) (Note 16)		**209,162**	91,300
Notes payable, unsecured, 0% to 13.9%, payable in monthly instalments, maturing on various dates until 2010		**301**	475
Mortgage loans, secured by a building with a book value of $425, prime rate plus 1% (4.5%), payable in monthly instalments, maturing on various dates until 2013	**16**	**106**	143
Bank loan, secured by accounts receivable, inventory and equipment, prime rate plus 1% (4.5%), payable in monthly instalments, maturing in July 2011	**92**	**301**	113
Due to a joint venturer, without interest or repayment terms		**75**	
Obligations under capital leases, 0% to 2.9%, payable in monthly instalments, maturing on various dates until 2013	**11**	**81**	52
		210,026	92,083
Instalments due within one year	**119**	**119**	297
		209,907	91,786

The instalments on long-term debt for the next years are as follows :

	Obligations under capital leases	Other loans
	$	$
2009	11	108
2010	50	465
2011	18	209,246
2012	1	40
2013		11
2014 and following	2	75
Total minimum lease payments	82	
Financing expenses included in minimum lease payments	1	
	81	

(In thousands of dollars, except for per share amounts)

19 - MERCHANT MEMBERS' DEPOSITS IN GUARANTEE FUND

	2008	2007
	$	$
Merchant members' deposits in guarantee fund	**7,932**	7,574
Instalments due within one year	**208**	280
	7,724	7,294

Merchant members are required to contribute to a fund to guarantee a portion of their amounts due to the Company. Each merchant member is required to maintain a deposit based on its prior year's purchases. Deposits bear interest at prime rate less 1% (5%).

20 - CAPITAL STOCK

Authorized

Unlimited number of shares
- Preferred shares, issuable in series
- Common shares

	2008	2007
	$	$
Issued and fully paid		
Balance, beginning of year: 19,736,558 common shares (19,699,334 in 2007)	**49,872**	49,344
Issue of 6,000 common shares on the exercise of stock options (37,224 in 2007)	**88**	528
Common shares redemption [(1)]	**(122)**	
Balance, end of year: 19,694,358 common shares (19,736,558 in 2007)	**49,838**	49,872

(1) During the year, the Company redeemed 48,200 common shares for a cash consideration of $1,025 including a share redemption premium of $903 applied against the retained earnings.

Common stock option plan for management employees and officers

The shares under option may be subscribed for over a period of ten years from the date of granting, on the basis of not more than 20% per consecutive twelve-month period and at the common stock closing price on the Toronto Stock Exchange on the day preceding the day the option is granted. A beneficiary who subscribed for less than the maximum permitted in a given year may subscribe for the difference, in addition to 20%, in the years following the date of granting of the option. The option plan provides for the purchase of a maximum of 1,859,400 common shares of the capital stock of the Company. Under this plan, 1,168,755 common shares (1,162,755 in 2007) have already been issued.

The Company has already repurchased 555,591 options. As at December 31, 2008, 135,054 common shares (141,054 in 2007) are reserved for this plan.

A summary of the status of the Company's stock option plan as at December 31, 2008 and 2007 and changes during the years ended on those dates is presented below :

	2008		2007	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of year	51,928	14.72	89,152	14.50
Granted	50,000	31.42	–	–
Exercised	(6,000)	14.75	(37,224)	14.18
Outstanding, end of year	95,928	23.42	51,928	14.72
Exercisable, end of year	55,928	17.70	51,928	14.72

As at December 31, 2008, the outstanding stock options into a range of exercise prices from $14 to $31.42 have a weighted average remaining contractual life of 5.77 years. The stock options exercisable into a range of exercise prices from $14 to $31.42 have a weighted average remaining contractual life of 3.46 years.

(In thousands of dollars, except for per share amounts)

20 - CAPITAL STOCK (Continued)

On January 2, 2008, the Company granted 50,000 stock options. A compensation expense of $227 was recorded for the year ended December 31, 2008 in the consolidated earnings with the corresponding amount in the contributed surplus.

The fair value of each option granted was estimated on the grant date for purposes of determining stock-based compensation expense using Black & Scholes option pricing model based on the following assumptions :

	2008	2007
Expected dividend yield	**1.8%**	–
Expected volatility	**31%**	–
Risk-free interest rate	**3.52%**	–
Expected life in years	**7.00**	–

The fair value of stock options granted for the year ended December 31, 2008 was $9.97 per option.

21 - ACCUMULATED OTHER COMPREHENSIVE INCOME

	2008	2007
	$	$
Balance, beginning of year		
Balance, as previously reported	**(33,011)**	(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 years	**31,406**	(20,418)
Balance, end of year	**(1,605)**	(33,011)

22 - EMPLOYEE FUTURE BENEFITS

As at December 31, 2008, the Company has three defined benefit pension plans and three defined contribution plans. Its defined benefit pension plans are based on years of service and final average salary.

The Company's total expense for the defined contribution plans is $1,359 ($1,107 in 2007).

Total cash payments for employee future benefits for 2008, consisting of cash contributed by the Company to its funded pension plans, cash payments directly to beneficiaries for its unfunded other benefit plan and cash contributed to its defined contribution plans, were $3,857 ($2,832 in 2007).

Defined benefit pension plans

The Company evaluates its accrued benefit obligations and the fair value of plan assets for accounting purposes on December 31 each year. There is an actuarial valuation of the defined benefit pension plans every three years. Two of the pension plans were evaluated on December 31, 2006 and December 31, 2007 respectively and will be revaluated as at December 31, 2009 and December 31, 2010. The other pension plan is revaluated on an annual basis.

Information regarding the combined defined benefit plans is as follows:

	2008		2007	
	Pension plans	**Other pension plan**	Pension plans	Other pension plan
	$	**$**	$	$
Accrued benefit obligations				
Balance, beginning of year	**21,493**	**4,810**	20,854	4,101
Business acquisitions (Note 9)	**65**		35	
Current service cost	**1,553**	**265**	1,588	211
Employees contributions	**742**		714	
Interest cost	**1,277**	**271**	1,198	224
Benefits paid	**(1,163)**	**(277)**	(662)	(110)
Actuarial losses (gains)	**(5,345)**	**(367)**	(2,234)	384
Balance, end of year	**18,622**	**4,702**	21,493	4,810

(In thousands of dollars, except for per share amounts)

22 - EMPLOYEE FUTURE BENEFITS (Continued)

	2008		2007	
	Pension plans	Other pension plan	Pension plans	Other pension plan
	$	$	$	$
Plan assets				
Fair value, beginning of year	16,747		15,935	
Business acquisitions (Note 9)	59		28	
Actual return on plan assets	(4,267)		(883)	
Employer contributions	2,221		1,615	
Employee contributions	742		714	
Benefits paid	(1,163)		(662)	
Fair value, end of year	14,339	–	16,747	–

	2008	2007
	Pension plans	Pension plans
	%	%
Components of plan assets		
Equity securities	74.0	73.7
Debt securities	26.0	26.3
	100.0	100.0

Matching of plan funding status and amounts shown in the financial statements:

	2008		2007	
	Pension plans	Other pension plan	Pension plans	Other pension plan
	$	$	$	$
Funded status - deficit	(4,283)	(4,702)	(4,746)	(4,810)
Unamortized past service costs	531	(6)	606	(9)
Unamortized actuarial losses	4,450	412	4,481	829
Accrued benefit asset (liability)	698	(4,296)	341	(3,990)

The accrued benefit asset is presented in prepaid expenses and the liability is presented in accounts payable.

The net pension expense for defined benefit plans is as follows:

	2008		2007	
	Pension plans	Other pension plan	Pension plans	Other pension plan
	$	$	$	$
Current service cost	1,553	265	1,588	211
Interest cost	1,277	271	1,198	224
Actual return on plan assets	4,267		883	
Actuarial losses (gains)	(5,345)	(367)	(2,234)	384
Elements of employee future benefit costs before adjustments to recognize the long-term nature of employee future benefit costs	1,752	169	1,435	819
Adjustments to recognize the long-term nature of employee future benefit costs				
Difference between expected return and actual return on plan assets for the years	(5,548)		(2,101)	
Difference between actuarial loss recognized for the years and actual actuarial loss on accrued benefit obligation for the years	5,585	417	2,424	(375)
Amortization of past service costs	75	(3)	73	(3)
Defined benefit costs recognized	1,864	583	1,831	441

(In thousands of dollars, except for per share amounts)

22 - EMPLOYEE FUTURE BENEFITS (Continued)

The significant actuarial assumptions adopted in measuring the Company's accrued benefit obligations are as follows (weighted average assumptions as of December 31):

	2008		2007	
	Pension plans	**Other pension plan**	Pension plans	Other pension plan
	%	**%**	%	%
Accrued benefit obligations as of December 31				
Discount rate	**7.25**	**7.25**	5.50	5.50
Rate of compensation increase	**4.00**	**4.00**	4.00	4.00
Benefit costs for years ended December 31				
Discount rate	**5.50**	**5.50**	5.25	5.25
Expected long-term rate of return on plan assets	**7.25**	**7.25**	7.25	–
Rate of compensation increase	**4.00**	**4.00**	4.00	4.00

23 - COMMITMENTS

The Company has entered into long-term lease agreements expiring at various dates until 2017 which call for lease payments of $121,490 for the rental of buildings, vehicles and outsourcing of information technology services. Minimum lease payments for the next five years are $29,557 in 2009, $25,064 in 2010, $20,805 in 2011, $15,232 in 2012 and $11,611 in 2013. Some of these lease agreements contain renewal options for additional periods of two to five years which the Company may exercise by giving prior notice.

24 - GUARANTEES

Under 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 cost value of the inventories for a maximum amount of $65,525 ($61,870 in 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.

25 - CAPITAL MANAGEMENT

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

- Maintain a maximum total net (of cash and cash equivalents) debt on total net debt plus equity less than 45%;
- Maintain a long-term debt on equity ratio less than 125%;
- Provide shareholders 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 on earnings before interest, taxes, depreciation and amortization (EBITDA) ratio of 3.5.

In the management of capital, the Company includes shareholders' equity, long-term debt, merchant members' deposits in guarantee fund 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 quantities to satisfy demand as well as the level of diversification required by customers.

(In thousands of dollars, except for per share amounts)

25 - CAPITAL MANAGEMENT (Continued)

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

	2008	2007
Total net debt on total net debt plus equity (1) (2)	35.8%	30.7%
Long-term debt on equity ratio (1) (2)	58.4%	32.7%
Return on shareholders' equity ratio (2)	13.6%	13.7%
Funded debt on EBITDA ratio (1) (2)	2.25	1.69

(1) Increase in debt ratios comes directly from the increase of long-term debt due to the acquisitions in the last quarters.
(2) 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 twelve-month period ended December 31, 2008 proportionnally to the increase in long-term debt.

Regarding its $325,000 credit facility, the Company is required to comply with certain financial ratios such as funded debt on EBITDA and total net debt on total net debt plus equity which it has done as at December 31, 2008 and December 31, 2007.

26 - FINANCIAL INSTRUMENTS

Classification of financial instruments as well as their carrying amount and fair value as at December 31, 2008 are summarized in the following table:

	Carrying amount	**Fair value**
	$	$
Financial assets		
Held-for-trading financial assets		
Cash and cash equivalents	9,682	9,682
Loans and receivables		
Accounts receivable	180,308	180,308
Investments and volume discounts receivable	8,710	8,710
	198,700	198,700
Financial liabilities		
Other financial liabilities		
Accounts payable	212,581	212,581
Dividends payable	2,118	2,118
Long-term debt	210,026	198,513
Merchant members' deposits in guarantee fund	7,932	7,932
Derivative financial instrument	8,620	8,620
	441,277	429,764

Interest income on loans and receivables represents $1,652 for the year ended December 31, 2008 ($1,307 in 2007).

The fair value of cash and cash equivalents, accounts receivable, volume discounts receivable, accounts payable and dividends payable approximate their carrying amount given the short-term nature of the instruments.

The fair value of investments in shares was not determined given that the shares are not publicly traded.

Substantially all advances and guarantee deposits result from transactions with merchant members. The fair value has not been determined since these transactions are conducted to maintain and develop markets and do not necessarily reflect the terms and conditions that would be negotiated with third parties.

The fair value of the long-term debt has been determined by calculating the present value of the interest rate spread that exists between the actual credit facility and the rate that would be renegociated with the actual economic conditions.

(In thousands of dollars, except for per share amounts)

26 - FINANCIAL INSTRUMENTS (Continued)

Derivative financial instruments

During the first quarter of 2008, the Company entered into agreements to swap variable interest rates (Note 16) for a nominal amount of US$ 120,000 for fixed rates.

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

The fair value of the interest rate swaps is calculated using quotes for similar instruments at the balance sheet date obtained from the Company's financial institution and represents an amount payable by the Company of $8,620 ($0 at December 31, 2007).

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 December 31, 2008 represents the carrying amount of accounts receivable and investments and volume discounts receivable. No account represents more than 5% 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 December 31, 2008, past-due accounts receivable represent $8,747 ($7,107 in 2007) and an allowance for doubtful accounts of $3,748 ($2,924 in 2007) 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	2,653
Amounts recovered	(1,829)
Balance at December 31,2008	3,748

Liquidity risk

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

The Company has a renewable credit facility in the amount of $325,000 (Note 16). As at December 31, 2008, the Company benefits from an unused credit facility of approximately $116,000.

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

(In thousands of dollars, except for per share amounts)

26 - FINANCIAL INSTRUMENTS (Continued)

Foreign exchange risk

The Company is exposed to foreign exchange risk on its financial instruments 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 December 31, 2008, the fixed rate portion of financial debt represents 74% of the total, while the variable rate portion represents 26% (see Note 16).

A 25-basis-point rise or fall in interest rates, assuming that all other variables remain the same, would have resulted in a $203 decrease or increase in the Company's net earnings for the year ended December 31, 2008 whereas other comprehensive income would have resulted in a $795 increase or decrease.

27 - SEGMENTED INFORMATION

The accounting policies that apply to the following industry segments are the same as those described in the accounting policies note. The Company assesses performance using earnings before interest, amortization, income taxes and non-controlling interest.

				2008
	Automotive Canada	**Automotive USA**	**Heavy duty Canada**	**Consolidated**
	$	**$**	**$**	**$**
Sales	**529,420**	**718,132**	**69,378**	**1,316,930**
Earnings before interest, amortization, income taxes and non-controlling interest	**44,994**	**46,671**	**824**	**92,489**
Assets	**243,257**	**598,629**	**32,198**	**874,084**
Acquisition of fixed assets	**6,218**	**13,873**	**165**	**20,256**
Acquisition of intangible assets	**1,600**	**5,561**		**7,161**
Acquisition of goodwill	**9,461**	**14,754**		**24,215**

				2007
	Automotive Canada	Automotive USA	Heavy duty Canada	Consolidated
	$	$	$	$
Sales	497,955	607,168	63,166	1,168,289
Earnings before interest, amortization, income taxes and non-controlling interest	42,322	37,867	(179)	80,010
Assets	228,930	353,122	33,521	615,573
Acquisition of fixed assets	5,602	9,882	119	15,603
Acquisition of goodwill	3,777	21,065	–	24,842

The Automotive USA segment includes fixed assets for an amount of $28,658 ($16,591 in 2007) and goodwill for an amount of $59,891 ($34,709 in 2007).

28 - FUTURE ACCOUNTING STANDARDS

International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board announced that the use of International Financial Reporting Standards (IFRS) established by the International Accounting Board will be required for fiscal years beginning January 1, 2011 for publicly accountable profit-oriented enterprises. IFRS will replace Canada's current generally accepted accounting principales for those enterprises.

In 2008, the Company has done the preliminary analysis of the impact at the transition date.

In 2009, the Company will proceed with the detailed analysis and continue the training of the employees involved in the project.

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 1, 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 has determined that the adoption of this new recommendation will not have a material impact on the Company's financial statements.

DIRECTORS AND OFFICERS

MEMBERS OF THE MANAGEMENT COMMITTEE

BOARD OF DIRECTORS

Jean-Louis Dulac
Chair of the Board

Clay E. Buzzard

Pierre Desjardins

Jean Dulac

Jean Guénette, CA

John A. Hanna, FCGA

Jacques Landreville

Léo Leblanc

Jacques Maltais

Hubert Marleau

Richard G. Roy, CA

Me Jeanne Wojas

OFFICERS

A **Richard G. Roy,** CA
President and
Chief Executive Officer

B **Denis Mathieu,** CA
Vice President and
Chief Financial Officer

C **James E. Buzzard**
Executive Vice President
Automotive Group USA

D **Gary O'Connor**
Executive Vice President
Automotive Group Canada

E **Jean Rivard**
Executive Vice President
Heavy Duty Group

F **Guy M. Archambault**
Vice President,
Corporate Development

Robert Beauchamp
Vice President, Marketing

G **Jean-Pierre Beaulieu**
Vice President and
Chief Information Officer

Michel Charbonneau
Vice President, PBE Market
Development, Canada

H **Me Pierre Chesnay**
Vice President,
Legal Affairs and Secretary

I **Max C. Dull**
Vice President and
General Manager
Beck/Arnley Worldparts, Inc.

J **Martin Labrecque,** CMA
Vice President,
Finance and Control

K **Michel Laverdure**
Vice President,
Corporate Purchasing

L **Luc L'Espérance**
Vice President,
Human Resources

Gilles Michaud
Vice President,
Product Management
and Market Development

M **Michel Ravacley**
Vice President,
Supply Chain & Integration

Michèle Raymond
Vice President,
Strategic Planning
and Market Development

N **Brent Windom**
Vice-President,
Marketing & Product
Management - North America

KEY MANAGERS AUTOMOTIVE GROUP USA

William Alexander
Vice President,
Mid-Atlantic Region

Daniel Buzzard
Vice President,
Distribution and Integration

Richard Buzzard
Vice President,
Southwest Region

O **Robert Buzzard**
Vice President, Administration

Carman Capriotto
Vice President, Corporate
Stores

John Evanoka
Vice President, Northeast
Region

William M. McConnell
Vice President, Central Region

Ruth McManus
Vice President,
Human Resources, USA

Don Poole
Vice President,
New England Region

Scott Terhaar
Group Controller

KEY MANAGERS AUTOMOTIVE GROUP CANADA

Carol Chartrand
General Manager,
Quebec Division

Sean Corcelli
General Manager,
Prairies Division

Brendan O'Brien
General Manager,
Ontario Division

Mike McQuinn
General Manager,
Atlantic Division

Robert Tribe
General Manager,
Pacific Division

Jean MacNeil, CA
Group Controller

KEY MANAGERS HEAVY DUTY GROUP

Steve Dugas
General Manager, Atlantic,
Ontario and Edmonton Divisions

Yves Sanscartier
General Manager,
Quebec Division

Pierre Labelle, MBA, CMA
Manager,
Finance & Administration

Christian Legault
Manager, Marketing

Aimé Cloutier
Sales Manager, Quebec Division

Martin-Philippe Racine
Product Manager, Wheel
Division

SHAREHOLDER INFORMATION

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Ticker Symbol :
UNS, Toronto Stock Exchange

Auditors

Raymond Chabot Grant
Thornton LLP

Legal Counsel

McCarthy Tétrault LLP

Bankers

National Bank of Canada
Royal Bank of Canada
Bank of Montreal
Bank of America
Caisse Centrale Desjardins
JPMorgan Chase Bank

Registrar and Transfer Agent

Computershare

Annual Information Form

The Annual Information Form for the year ended December 31, 2008 is available on SEDAR (www.sedar.com) or may be obtained upon written request from the Secretary of the Company.

Annual Meeting of Shareholders

May 5, 2009 at 1:30 PM
Montreal Museum of Fine Arts
Auditorium
1380 Sherbrooke Street West
Montreal, Quebec H3G 1J5

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