ANNUAL REPORT 2009

Mission

To grow Uni-Select into one of North America's leading automotive and related products distribution organizations, creating value by expertly managing its supply chain and by driving its sales and marketing organizations to be market and customer driven.

OBJECTIVES 2008 2012

1. Foster expansion

a. Capitalize on acquisition opportunities

b. Seek out national purchasing agreements

2. Facilitate organic growth

a. Continue accelerated growth in specific niches (collision repair, cooling systems, parts for foreign brands)

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

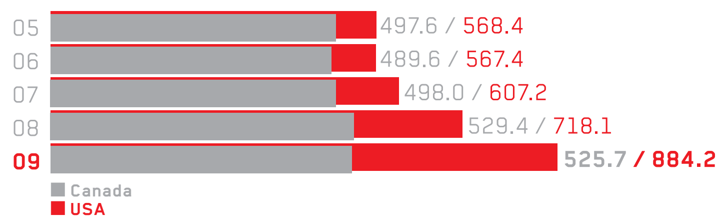
c. Integrate acquisitions and new customer accounts

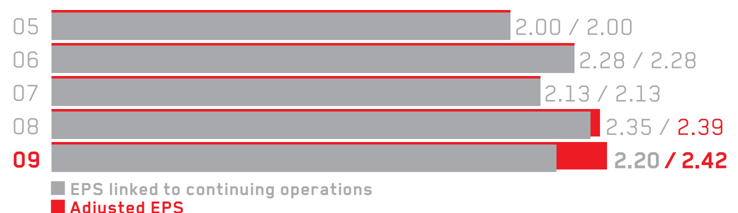
3. Increase efficiency with high-performance information systems

a. Paperless warehouse-management system

b. Inventory management system

c. Enterprise resource planning (ERP) system





2009 ACHIEVEMENTS AND INITIATIVES

Uni-Select continues to implement its five-year strategic plan developed in 2007 emphasizing the following strategic development points:

GROWTH

Uni-Select favours growth through acquisitions and promotes organic growth of its business units through the development of new distribution channels.

- Buyback of the minority shareholders' interest in Uni-Select USA, Inc. now 100% owned by the Company.
- Buyback of 5.77% of the Uni-Select Pacific Inc. subsidiary, now 75% owned by the Company.
- Deployment of the Beck/Arnley® product line in the Canadian and U.S. networks.
- Development of online fulfilment services.

EXECUTION

Uni-Select is overseeing an efficient asset consolidation and inventory reduction while maintaining a high quality of customer service and order fulfilment.

- Sale of the Heavy Duty Group's assets.
- Integration of recent acquisitions.
- Sale of 14 stores in Canada.
- Closing of 19 less profitable stores or stores in lower-potential regions in the United States.
- Reduction of excess inventories.
- Extension of payment terms with principal suppliers.

CULTURE

Uni-Select fosters an entrepreneurial culture of autonomy and efficiency that values excellence, innovation, commitment and the sense of partnership.

- Launch of the Value Creator Program.
- Appointment of an Executive VP to manage operations with jobbers and major accounts.
- Appointment of an Executive VP, Corporate Stores.
- Development of a change-management training program.

SYSTEMS

Uni-Select has decided to implement integrated information management systems by 2012 to facilitate management of all facets of the organization.

- Selection and development of an integrated enterprise resource planning (ERP) software suite.
- $12-million investment in 2009 as part of a $46-million total investment over 3 years.
- Deployment of the centralized ordering system in Canada and the U.S.
- Ongoing development of the virtual community.

Uni-Select is maintaining its growth strategy, refocusing on its automotive operations and reorganizing its administrative and operating structure to support its growth drivers more effectively.

Financial Highlights

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

Years Ended December 31, [1]	**2009**	2008	2007	2006	2005
OPERATING RESULTS					
Sales	**1,409.9**	1,247.5	1,105.2	1,057.0	1,066.0
variation	**13.0 %**	12.9 %	4.6 %	-0.8 %	49.5 %
Adjusted operating income from continuing operations [2][3]	**95.8**	93.2	80.2	83.8	73.0
Adjusted operating profit margin from continuing operations [2][3]	**6.8 %**	7.5 %	7.3 %	7.9 %	6.8 %
Operating income from continuing operations	**88.8**	91.7	80.2	83.8	73.0
Adjusted earnings from continuing operations [3]	**47.7**	47.3	42.1	45.0	39.1
Adjusted net profit margin from continuing operations [3]	**3.4 %**	3.8 %	3.8 %	4.2 %	3.7 %
Earnings from continuing operations	**43.4**	46.4	42.1	45.0	39.1
Net earnings	**38.6**	45.9	40.8	42.3	39.1
Return on average shareholders' equity from continuing operations	**11.6 %**	13.7 %	14.1 %	16.4 %	16.3 %
Return on average shareholders' equity	**10.3 %**	13.6 %	13.7 %	15.4 %	16.3 %
Return on average net assets	**9.1 %**	10.7 %	11.4 %	12.8 %	13.6 %
FINANCIAL POSITION					
Working capital	**395.4**	477.6	326.9	301.9	294.2
Total assets	**775.7**	874.1	615.6	572.5	494.0
Total net indebtedness	**170.1**	208.3	134.9	91.5	49.9
Shareholders' equity	**372.9**	372.7	304.6	291.9	255.6
Long-term debt / equity	**50.0 %**	58.4 %	32.7 %	24.5 %	28.2 %
Total net debt / invested capital	**31.4 %**	35.8 %	30.7 %	23.9 %	16.3 %
Funded debt on EBITDA from continuing operations	**1.92**	2.27	1.69	1.05	0.64
COMMON SHARE DATA					
Book value	**18.91**	18.92	15.43	14.82	13.04
Adjusted earnings from continuing operations	**2.42**	2.39	2.13	2.28	2.00
Earnings from continuing operations	**2.20**	2.35	2.13	2.28	2.00
Net earnings	**1.96**	2.33	2.07	2.15	2.00
Dividend	**0.46**	0.43	0.42	0.38	0.31
Number of shares issued at year end	**19,716,357**	19,694,358	19,736,558	19,699,334	19,599,716
Weighted average number of outstanding shares	**19,709,642**	19,724,417	19,727,720	19,674,768	19,516,512

(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.

(3) EBITDA, earnings from continuing operations and net earnings were adjusted to reflect expenses that the Company considers as non-characteristic of normal operations. These expenses are added so the measurements can be comparable. For more details, see the section on "Compliance with Canadian Generally Accepted Accounting Principles".

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

Focused and looking forward

In 2009, Uni-Select was able to maintain its growth as it completed the refocusing of its basic activities and the implementation of key components for its future development, thereby enhancing its ability to meet the challenges of the coming decade.

Uni-Select refocused its activities on the automotive aftermarket in 2009 and undertook rigorous management of every element of its growth. Among other things, Uni-Select sold the assets of its Heavy Duty Group and took 100% control of its U.S. subsidiary.

Also in 2009, Uni-Select consolidated the gains from its expansion of the last few years by accelerating the integration of recent acquisitions and achieving the planned synergies. Uni-Select also gave greater priority to enhancing organic growth and put emphasis on extending its culture of efficiency and autonomy.

Finally, Uni-Select moved ahead with implementation of information systems that are essential to the efficient and effective management of its distribution operations. The Company also promoted the development of new marketing programs to support promising channels for growth and to further build loyalty among its merchants and partners.

All in all, in 2009, Uni-Select implemented the elements vital to its optimal development in the coming years.

THE ECONOMIC SITUATION AND THE AUTOMOTIVE AFTERMARKET

Although financial markets indicated in 2008 that the automotive aftermarket would be somewhat recession-proof, the fact remains that the North American recession, especially in the United States, created tough conditions in the broader economy. Uni-Select determined that it would be prudent to manage the risks found in such a context by taking a vigilant approach in each of its units as it sought to

reap benefits from its previous acquisitions and to gain from favourable economic factors in its industry.

Among these factors is a major and continuing decline in sales of new vehicles, with a favourable impact on the aging of the automotive fleet and on repairs and preventive maintenance. However, high unemployment and lower disposable personal income have had an adverse effect on average number of kilometres driven, meaning less wear and tear and lower average consumer spending on maintenance. While the first variable may favour a shift in automotive upkeep to independent repair shops, the second requires increased marketing efforts to promote a culture of maintenance among vehicle owners.

Similarly, the consolidation of automobile dealers favours a shift in maintenance to independent repair shops and creates opportunities for recruiting qualified mechanics.

Finally, legislation and voluntary agreements in Canada on the "right to repair" have made substantial progress favouring our industry, assuring independent repair shops of access to the information they need to make repairs on recent brands and models. These developments are in line with what was done in the United States two years earlier.

Experts agree that the vehicle fleet will continue to grow, even if new-vehicle sales fail to match the 2007 level for another few years. Thus, the automotive replacement parts industry should continue to expand in 2010. Key factors include the growth in the import vehicle market, the increase in the number of vehicles on the road, and the emergence and proliferation of new technologies.

STEADY IMPROVEMENT IN FINANCIAL RESULTS

The Company benefited in 2009 from sales by units acquired the previous fiscal year, but was affected by the weakness of the U.S. economy and the costs associated with the refocusing of our activities following the sale of the Heavy Duty Group and the closure or sale of several stores in low-potential areas in Canada and the United States. These often tough decisions, combined with conservative management policies, reflect our strategic aims with regard to our program to create long-term shareholder value.

A more in-depth review of our results shows the strength of our financial position. The financial performance of our Automotive Groups Canada and USA's operations produced net income of $38.6 million, or $2.20 a share, compared with $45.9 million in 2008. Taking into account the $4.8-million non-recurring net loss related to the sale of the assets of our Heavy Duty Group last August and non-recurring costs of about $4.3 million connected with, among others, store closings in Canada and the United States, compared with $0.9 million in 2008, annual net income was $47.7 million, which is comparable to that of the previous fiscal year, despite the tough economic times that prevailed.

For the fiscal year ended December 31, 2009, Uni-Select reported a sales increase of $162.3 million, up 13% from the previous fiscal year, with final sales of $1,409.9 million, compared with $1,247.6 million in 2008. This increase is due primarily to sales by units acquired in the last few years, combined with the favourable variation in the U.S. dollar against the Canadian dollar and organic growth in the second half of the year. These factors are reflected in the operating income (EBITDA), which reached $88.8 million, compared with $91.7 million the previous year. Excluding the non-recurring costs mentioned above, operating income would have reached $95.8 million, an increase of 2.8%. The operating margin, excluding non-recurring items, dropped from 7.5% to 6.8%.

OPERATING UNITS POISED FOR SUCCESS

Results from existing business units are satisfactory as far as sales are concerned, with both Groups benefiting from the business development programs undertaken in the last few years.

Automotive Group USA had a satisfactory year in terms of sales, which rose 23% to reach $884.2 million, compared with $718.1 million in 2008. EBITDA was $41.3 million, against $46.7 million in 2008, producing an operating margin of 4.7%, compared with 6.5% the previous year. Growth in business volume resulted essentially from sales by recently acquired units, offset in part by the impact of the closure of unprofitable stores in low-potential areas. These closings led to non-recurring costs of $5.4 million in the United States, directly affecting the margin for the fiscal year because, excluding these items, the operating margin would have been 5.3%. This reduction in the margin from 2008 resulted primarily from the effect of unfavourable economic conditions in the United States, with their direct impact on sales, product mix, levels of returns and, as a result, operating costs and volume discounts.

The results of Automotive Group Canada are extremely encouraging, particularly with greater

organic growth in a highly consolidated market. The Group's sales stood at $525.7 million for 2009, compared with $529.4 million in the prior fiscal year. This decline resulted from the 14 store closures made during the year, partly offset by organic growth of 2.0%. The Group's operating margin improved, however, rising to 9.0% from 8.5% in 2008. Excluding non-recurring costs, the operating margin would have been 9.3% compared to 8.6% in 2008. This confirms our leadership position in Canada.

A CLEAR FOCUS ON OPERATIONS

Undoubtedly one of the year's key items was the sale of the Heavy Duty Group's assets last August. This transaction generated net receipts of more than $27 million but also a non-recurring net book loss of $4.7 million. Proceeds from this operation went toward debt repayment.

In the third quarter of 2009, Uni-Select purchased the stock held by its minority shareholders who held 13% of the capital in its U.S. subsidiary. This $46.2-million investment created value for our shareholders and should generate an annual increase of about $3 million in net profits, based on the results of the current fiscal year. This investment in our main growth territory, the United States, will help our future development by giving us increased administrative and financial flexibility. Following this share purchase, the shareholders, who are also clients of the U.S. division, showed us their support in the fourth quarter by maintaining their commitment to buying products from the Company. We would like to take this opportunity to thank the members of the Board of Directors of our U.S. subsidiary who have supported us over the last 11 years.

Uni-Select will be able to conduct an even more effective overhaul of its operating and administrative structure, which is necessary for the optimal development of its operations. Here again, it will strive to maintain the flexibility that sets it apart from the competition, enabling it to serve its clients, whether merchants, national clients or installer clients.

RIGOROUS ASSET MANAGEMENT

To gain maximum benefit from the results of acquisitions conducted in previous years, Uni-Select has focused intently on integrating the assets from these acquisitions, and has endeavoured to achieve most of the planned synergies. By early in 2009, Uni-Select had completed the integration of RPDL, acquired in Canada in January 2008, and thus benefited from synergies throughout 2009. Similarly, in the United States, with Uni-Select having completed the integration of the assets acquired in the U.S. Northeast since 2006, the Company was able to achieve the related synergies. Integration of the assets of Parts Depot, acquired in September 2008, is 80% complete, and Uni-Select should achieve further synergies from economies-of-scale and logistics starting in 2010.

Uni-Select has also accelerated efforts to consolidate its assets, especially warehouses and stores. In addition to benefiting from savings produced by consolidating warehouses, we reduced excess inventory without negatively impacting customer service. In Canada, as in the United States, we instituted profitability-enhancement programs in all our corporate stores, and we closed stores located in low-potential areas or viewed as unprofitable. When these stores were closed, we sought to move

customers, as much as possible, to other locations. We also used the sale of some stores as a growth tool by signing long-term supply agreements with the buyers of these stores.

STIMULATING ORGANIC GROWTH

In 2009, Uni-Select was pleased to see a resumption in the organic growth of its operations, both in Canada and the United States. In Canada particularly, organic growth was 2% during the year. In a market as highly consolidated as in Canada, this is proof that the loyalty programs implemented to increase the business volumes of our merchants and our partners are paying off. We are also confident that we can achieve a similar growth rate in the United States, since we were able to record slight growth in 2009 despite the tough economic times that currently prevail.

In our view, organic growth is an imperative for the coming years. We are planning to promote it by the following means:

- Raising the potential of the Beck/Arnley® brand by increasing our product offering to imported car installers, especially in the brakes, chassis, engine management and filter segments.
- Providing greater support to our trademarks, Auto-Plus® and Auto Service Plus®, to make them our U.S. merchants' and installers' banners of choice. Giving up the Parts Plus® banner following termination of the agreement with Automotive Distribution Network early in 2010, fits in with this approach.
- Placing increasing emphasis on new distribution channels, whether regional or national accounts or fleets, in addition to our clients' online sales programs, which are experiencing substantial growth.
- Building our merchants' loyalty through effective marketing programs designed to support their businesses.

INVESTING IN INFORMATION SYSTEMS

In keeping with its decision to apply an enterprise resource planning (ERP) integrated management software suite that can integrate every aspect of its operations and, after analyzing business processes, Uni-Select chose and purchased software from SAP in 2009 and also selected a systems integrator. During the fiscal year, we invested $12 million of an anticipated total of $46 million spread over three years. In 2010, we will be tackling the development and implementation of the finance module. Operational modules will also be developed and implemented in some warehouses in 2010 with a view to general deployment in 2011 and 2012.

EXPANDING OUR CORPORATE CULTURE

During 2009, a time of considerable corporate expansion, Uni-Select significantly increased the pace and volume of its communications with its employees. We established recognition programs that were a stunning success. We also emphasized the training of managers and increased communication from executives. Early in 2010, for example, we instituted an executives tour to better explain changes in the Company and its orientations for the future.

2010: WELL POISED TO FACE THE FUTURE

We believe 2010 will be another year of growth for Uni-Select. We think the strategic initiatives implemented for this purpose during 2009 will help make Uni-Select a key player in our industry.

Uni-Select will therefore continue to implement its 2008–2012 strategic plan with the same energy.

Early in the year, we announced major changes to our operating structure that will support our growth drivers. This new structure will focus on the following two complementary markets:

- Operations with jobbers and major accounts, headed by Executive Vice President, Gary O'Connor, covering our North American network of nearly 2,500 independent jobbers with the aim of promoting members' growth and enhancing the entire network's organic growth by emphasizing increased loyalty-building and operational excellence. We are continuing our programs of cost reduction and rigorous asset management. In particular, we will be examining our U.S. distribution network to maximize its efficiency.
- Corporate store operations, headed by Executive Vice President, Corporate Stores, William Alexander, providing an exclusive focus on our 273 corporate stores and aiming to maximize sales, to rationalize inventories effectively and to create unparalleled customer service. We will also be introducing organic-growth strategies to bring both short and long-term growth. For Uni-Select, this will mean broadening its product brand portfolio, enhancing supply and penetration, and increasing retail sales based on the very promising model developed by Consumer Auto Parts, acquired in 2007 in the United States.

Finally, to pick up the pace of our growth in the United States, James Buzzard, Senior Vice President, Corporate Development, USA, will have a mandate to identify and proceed with potential acquisition targets in the still highly fragmented U.S. market. We will be relaunching the acquisition strategy that has served us well, choosing compatible partners that are easy to integrate and have a corporate culture similar to ours in vision and operation. This approach will be applied as a priority in existing and contiguous markets.

It goes without saying that we will pay increased attention to the three growth channels of parts for imported vehicles, equipment for body shops, and fleets. We will continue to seek out national and regional agreements in order to be assured of greater sales volumes to our members that have large clients.

We will continue to develop online sales tools, and we intend to occupy more of this market in the future. We have refined our ability to develop electronic catalogues, and we have paid considerable attention to our virtual communities by facilitating access to better management tools for online orders and inventories.

In addition, we intend to continue listening attentively to our clients, placing greater emphasis on advisory committees that will enable us to take the pulse of the market on a regular basis, to survey our clients and to have a better idea of their needs.

PAYING ATTENTION TO OUR CORPORATE CULTURE

Uni-Select is aware of the importance of extending the reach of its corporate culture. Our Human Resources department is endeavouring to promote an entrepreneurial culture that incites optimal contributions from everyone. Innovation, excellence, commitment and a sense of partnership remain vital in 2010: our training and leadership programs, as well as programs recognizing our employees' achievements support these values within the entire organization.

Uni-Select's 4,882 employees work together closely for our Company's success by sharing a common culture of autonomy and efficiency. They also do it by paying attention, every day, to the details that make the difference in customer satisfaction. We want to take this opportunity to thank them for their contributions throughout fiscal 2009.

Uni-Select is also aware of the importance of supporting its merchants and its partners. We take care to provide them in every area with solutions that will be beneficial to them: their growth is tied in with ours. We keep a close eye on our relationships with our independent wholesalers, offering them made-to-measure business models adapted to their needs.

In short, everything is in place to pursue our growth in 2010 and beyond.

A COMPANY THAT GIVES BACK TO THE COMMUNITY

Uni-Select is involved, both in Canada and the United States, with the communities where we operate. In partnership with certain non profit organizations, we shall continue to encourage our employees' commitment to community activities.

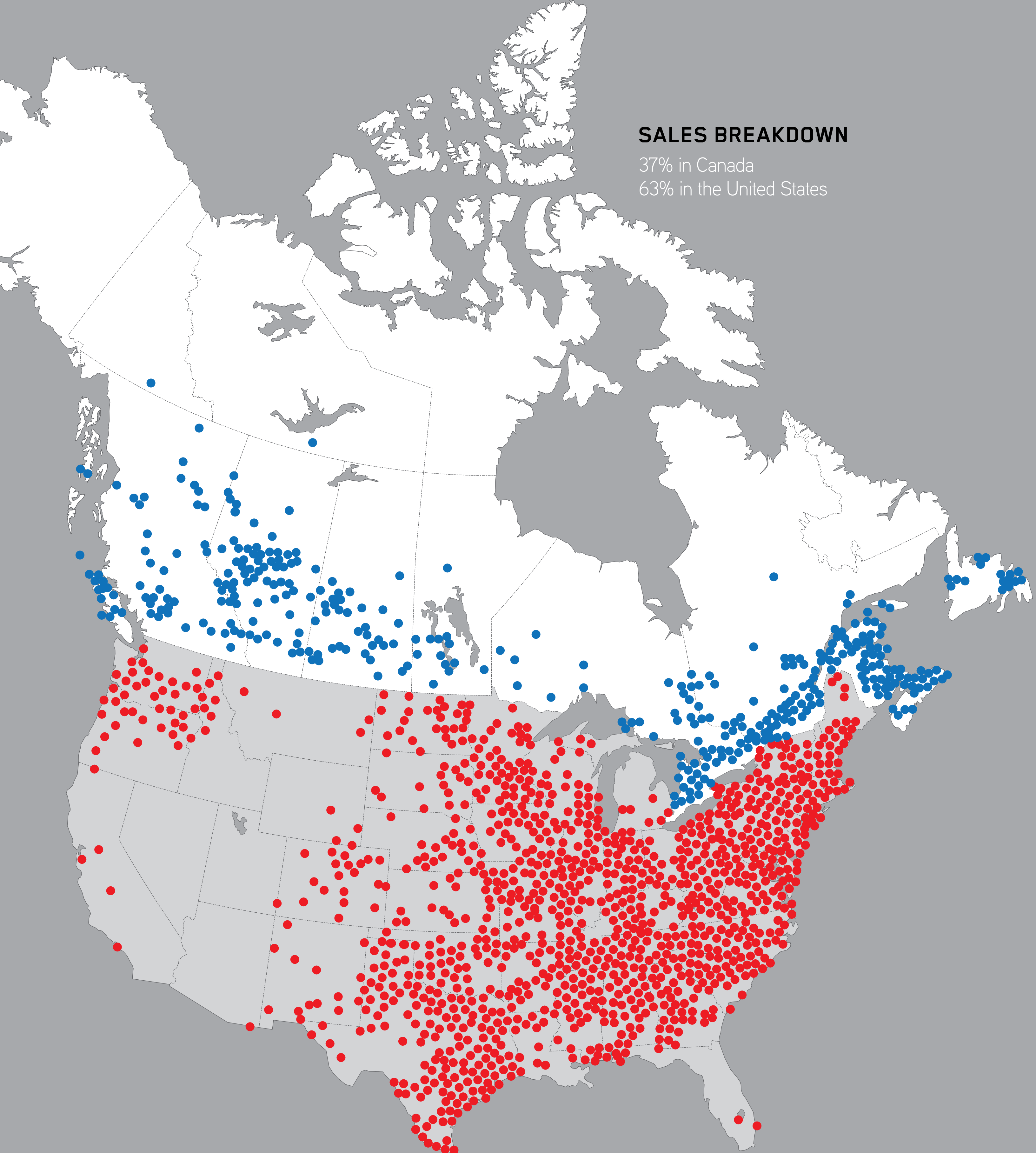
We shall also continue supporting professional training activities in the United States, for instance, with the Uni-Select scholarships for the Alfred State College Automotive Parts Technology program in New York State; in Canada, we collaborate with various universities by facilitating internships in administration, finance and technology management.

THANKS

Uni-Select wishes to thank its shareholders for their confidence. We also thank our business partners, especially our clients and suppliers who have stood by our side through our development. Finally, we salute the members of our Board of Directors, whose excellent contribution enables Uni-Select to stand apart as a leader in our industry.

Chair of the Board
Jean-Louis Dulac

President and Chief Executive Officer
Richard G. Roy



- Wholesalers in Canada
- Wholesalers in the United States

+

65
273
4,882
2,800,000

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65 DISTRIBUTION CENTRES, 273 CORPORATE STORES,
4,882 EMPLOYEES, 2,800,000 SQUARE FEET OF WAREHOUSE SPACE FOR **UNI-SELECT**

Uni-Select treats its clients as partners. We support their business success by providing them with efficient and effective online ordering systems.

The Company maintains an inventory of more than 350,000 parts so that it can quickly meet its clients' needs and expectations.

Uni-Select emphasizes operational excellence.

Our clients are supplied by means of mixed access, either directly from manufacturers or from Uni-Select warehouses strategically located throughout North America.

Every part order is important to Uni-Select and receives all our attention. We always aim to deliver the parts our clients have ordered as quickly as possible.

We truly want our installers to succeed, which is why we offer them shop training programs designed to improve their own customer service.

\+ 563
1,898
4,317

563 WHOLESALERS (CANADA), 1,898 WHOLESALERS (UNITED STATES),
4,317 REPAIR SHOPS BANNERED UNDER **UNI-SELECT**

Excluding discontinued operations described in Point 1, Uni-Select recorded $1.4 billion in sales for fiscal 2009, a 13.0% increase over the previous year. These sales reflect the contribution from acquisitions as well as organic growth of nearly 1.0%, despite a weak economy and the lack of inflation in the United States. Uni-Select also reported adjusted EBITDA of $95.8 million, 2.8% higher than for the prior fiscal year.

PRELIMINARY COMMENTS TO MANAGEMENT REPORT

BASIS OF PRESENTATION OF MANAGEMENT REPORT

This management report discusses the Company's operating results and cash flows for the year ended December 31, 2009, compared with those for the year ended December 31, 2008, as well as its financial position as at December 31, 2009, compared with its position as at December 31, 2008. This report should be read in conjunction with the consolidated financial statements and accompanying notes included in the Annual Report. The information contained in this management report takes into account any major events that occurred prior to March 30, 2010, the date on which 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 existed, to management's best knowledge, at the time these lines were written.

Additional information on Uni-Select, including the audited financial statements and the Company's annual notice, is available on the SEDAR website at www.sedar.com.

In this management report, "Uni-Select" or the "Company" refer, as the case may be, to Uni-Select Inc., its subsidiaries, divisions and joint ventures, or any one of them. Unless indicated otherwise, all financial data presented in this management report, including the amounts in the tables, are expressed in thousands of Canadian dollars. Comparisons are made in relation to the previous period.

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

DISCONTINUED OPERATIONS

REFOCUSING OF OPERATIONS → The Heavy Duty Group was negatively affected by economic conditions in recent years. The slowdown in the Québec manufacturing sector, together with the difficult economic situation that has prevailed for several quarters in Canada, contributed to a decline in the number of vehicles on the road and in distances travelled, resulting in lower sales and heavy pressure on margins.

Management was of the view that, despite efforts made through the implementation of sales, cost-reduction and margin-improvement programs, the above-noted changes were more of a structural nature than cyclical and required a major strategic repositioning. Accordingly, management reached the conclusion that the operations of the Heavy Duty Group no longer fit with the Company's long-term development plans.

As announced on August 17, 2009, the Company disposed of the assets of Palmar Inc., its subsidiary, grouping all Heavy Duty Group operations. Proceeds from the sale were used to reduce debt and the corresponding interest expense, providing for greater flexibility in business development.

In compliance with Section 3475 of the *CICA Handbook*, titled *Disposal of Long-Lived Assets and Discontinued Operations,* the group's operating results were reclassified and presented in the consolidated statements of earnings under *Loss from discontinued operations,* with the assets and liabilities of Palmar Inc. as at December 31, 2009, reclassified and presented in the consolidated balance sheet as *Assets or liabilities from discontinued operations,* while cash flows from operations, investment and financing related to Palmar Inc. were reclassified under separate "*from discontinued operations*" headings in the consolidated cash flows. This accounting treatment enables the segregation of the activities linked to discontinued operations, thereby presenting activities that are comparable on an on-going basis.

MANAGEMENT REPORT 09

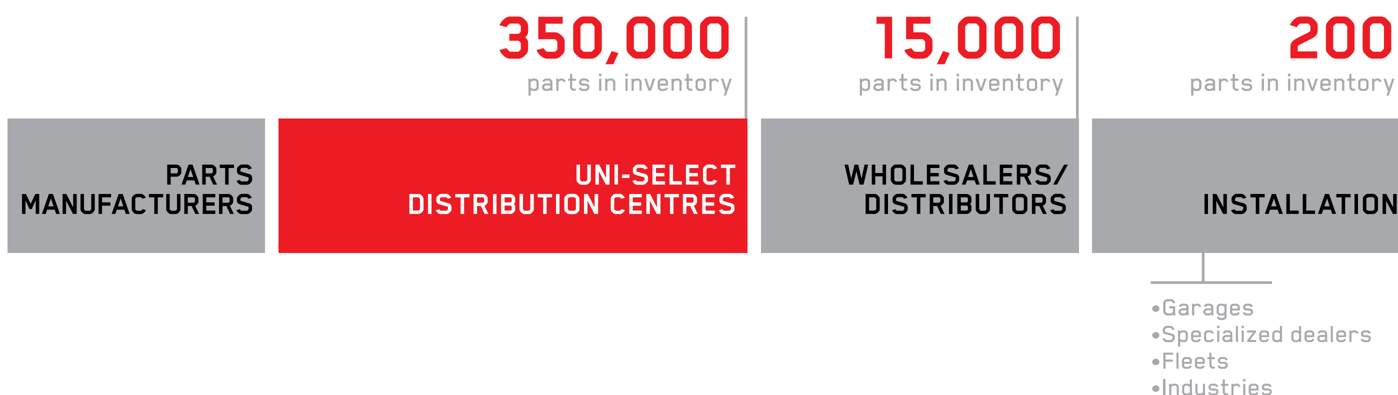
1_Profile and description

A KEY INDUSTRY PLAYER

Uni-Select, founded in 1968, is a major distributor of replacement parts, equipment, tools and accessories for motor vehicles in North America. Uni-Select is a Canadian leader and ranks seventh among North American distributors. With its 65 distribution centres, 273 stores and 4,882 employees, Uni-Select constitutes one of the largest networks of independent automotive parts wholesalers, with nearly 2,500 jobbers and 3,500 points of sale. Uni-Select has $1.4 billion in annual sales, with 63% of this from the United States and 37% from Canada.

The Company plays an essential role in connecting automotive parts manufacturers with the jobbers and installers that form its customer base. With access to more than one million automotive parts and accessories, Uni-Select provides efficient management of the supply chain, maintaining a constant inventory of more than 350,000 different part numbers to meet its clients' needs.

INDUSTRY STRUCTURE



Uni-Select stands apart from the competition with a business model characterized by a focus on, and the delivery of, flexible solutions for independent jobbers and installers. Independent jobbers and Uni-Select clients are supplied with national brand-name products according to their needs by means of a mixed access, direct access from suppliers or from Uni-Select warehouses strategically located throughout North America. Uni-Select is aware that each client is operating a business, and it maintains partner-type relationships with them aimed at ensuring their success. The Company thus offers them programs and resources "on a menu basis" thus letting them pay only for what they require. In this way it helps them meet their development and growth goals, whether this involves marketing programs, banners or inventory and order-management programs. Uni-Select also offers its clients succession programs to facilitate a timely transition of their business.

ECONOMIC ENVIRONMENT

SIZE AND NATURE OF THE MARKET → In Canada, the automotive aftermarket represented about $7 billion in 2008, while in the United States it was nearly $83 billion. This market continues to show growth potential, because many vehicle owners are neglecting to perform routine maintenance at the intervals recommended by manufacturers.

FACTORS AFFECTING THE AUTOMOTIVE AFTERMARKET

NUMBER OF VEHICLES ON THE ROAD → The number of vehicles on the road in North America has been growing at an annual pace of 2.1% over the last 10 years. A downturn in this trend is anticipated for the period from 2009 to 2014 because of the recession and the drop in sales of new vehicles.

Sales of new vehicles have fallen substantially since 2007, hitting a low point in 2009. A slight recovery is expected in 2010, but the sales levels seen in 2007 are not expected to return for many years.

However, this does not really affect the automotive aftermarket because more used vehicles will be on the road, requiring more maintenance and repairs. In 2009, a considerable increase was observed in the ratio of used vehicles to new vehicles, creating favourable conditions for the automotive aftermarket.

VEHICLE LONGEVITY → The longevity of vehicles is also a source of greater strength for the automotive aftermarket. In the last few years, there has been a noticeable trend toward increased longevity, with average vehicle age reaching 10.6 years in 2009. In addition, 84% of owners surveyed recently said they intend to keep their vehicles longer. This favours a culture of repair and maintenance.

DISTANCE TRAVELLED AND RATES OF REPAIR → There is a direct link between the number of kilometres/miles travelled and the vehicle repair rate. Distances travelled have fallen in the last several years because of economic conditions and constantly rising fuel prices. However, following the stabilization of oil prices in 2009, an upward trend in distance travelled was noted in the second half of the year.

VEHICLE COMPLEXITY AND THE PROLIFERATION OF PARTS → The proliferation of parts, linked to the complexity of vehicles and the growing number of models, is a major challenge for the automotive aftermarket. The continuous introduction of technologies, whether hybrid cars or increasingly sophisticated electronic components, increases capital expenditures and adds to the complexity of inventory management. These trends favour consolidation of the aftermarket and increase barriers to entry as only larger distributors will be able to manage this rapid growth in inventories and make the necessary investments in efficient and targeted management and supply systems.

FAVOURABLE CHANGES IN LEGISLATION → In 2009, there was notable progress in one piece of legislation favourable to the industry. Thus, the Automotive Industries Association of Canada (AIA) signed an agreement with the Canadian Vehicle Manufacturers' Association, the Association of International Automobile Manufacturers of Canada and the National Automotive Trades Association on access to technical information, tools and training that will enable the aftermarket to handle vehicle repairs. These developments are in line with what was done in the United States two years earlier.

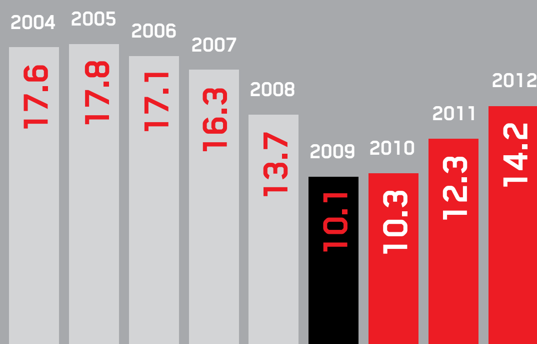
CUSTOMER SATISFACTION → In Canada, a study by JD Power and Associates showed that independent repair outlets rank third in customer satisfaction for vehicle repairs, coming in ahead of the service provided by car dealers. This shows the value of the repair and maintenance services provided by the aftermarket and its key role in the automotive industry. Rationalization of the North American new-vehicle dealer network in the last two years could result in repairs moving to the aftermarket.

The North American automotive aftermarket is therefore a stable market that should remain strong in the coming years. It is one of the world's most highly developed markets, covering the great majority of automobile brands and models. It must meet a continuous demand for maintenance products, which explains the importance of a sophisticated and efficient distribution network.

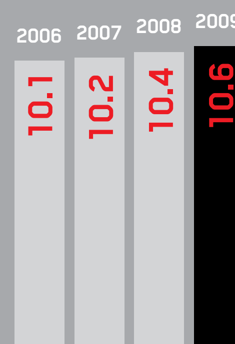
The automotive aftermarket experiences steady consolidation in Canada, where limited acquisition possibilities remain. In the United States, the market is highly fragmented, and opportunities abound for growth through acquisitions of independent networks of distributors.

Uni-Select is a major player in this market and focuses its operations on serving the commercial market of jobbers and repair shops.

SALES OF VEHICLES INCLUDES LIGHT TRUCKS (MILLIONS)



AVERAGE AGE OF VEHICLES IN USE (YEARS)



Source: D. Desrosiers Forecast 2009 (United States) AAIA Factbook 2010

2_Highlights of the last three years

Most of the variations in the Company's earnings statement and balance-sheet items between 2007, 2008 and 2009 reflect an ongoing corporate strategic plan of expansion through acquisitions and strategic alliances, the continued improvement in profitability of current operations, and the impact of fluctuations between the Canadian and U.S. currencies. Also to be taken into account in 2009 is the impact of the Company's disposal of its Heavy Duty Group, the closing of unprofitable stores in the United States and the sale of 14 corporate stores in Canada. The Heavy Duty Group no longer fits the corporate strategy, while the store closures resulted from rationalization of business locations in a context of growth through acquisitions. Selling corporate stores in Canada was one objective of the strategic plan.

Selected consolidated information (from continuing operations)

(in thousands of dollars, except amounts per share)

	2009	2008	2007
Fiscal years ended December 31			
Sales			
Automotive Group USA	**884,182**	718,132	607,168
Automotive Group Canada	**525,693**	529,420	497,955
Total	**1,409,875**	1,247,552	1,105,123
EBITDA			
Automotive Group USA	**41,275**	46,671	37,867
Automotive Group Canada	**47,531**	44,994	42,322
Total	**88,806**	91,665	80,189
Adjusted EBITDA [1]			
Automotive Group USA	**46,725**	47,573	37,867
Automotive Group Canada	**49,076**	45,582	42,322
Total	**95,801**	93,155	80,189
Earnings	**43,350**	46,382	42,138
- per common share, basic	**2.20**	2.35	2.14
Adjusted earnings [1]	**47,690**	47,268	42,138
- per common share, basic	**2.42**	2.39	2.14
Cash dividends paid on common shares	**9,006**	8,492	8,333
- per common share, basic	**0.46**	0.43	0.42
Average weighted number of outstanding shares	**19,709,642**	19,724,417	19,727,720
Balance sheet data (as of December 31)			
Total assets	**775,657**	874,084	615,573
Shareholders' equity	**372,918**	372,701	304,573
Long-term financial liabilities [2]	**186,556**	217,958	99,657

(1) EBITDA and earnings from continuing operations have been adjusted for costs that the Company views as uncharacteristic of normal operations. These costs are excluded so as to provide comparable measurements. For further details, see the sections on "Analysis of results" and "Compliance with Canadian Generally Accepted Accounting Principles".

(2) Includes long-term debt and merchant members' deposits in a guarantee fund (including short-term portions).

A more detailed analysis of changes in operating results and the balance sheet between 2009 and 2008 is provided in the following sections. A detailed analysis of changes in the operating results and the balance sheet between 2008 and 2007 is included in the management report in the 2008 Annual Report, available on the SEDAR website (www.sedar.com).

2007 → In 2007, Uni-Select completed 18 acquisitions or partnerships (7 in Canada and 11 in the United States) that generated more than $131 million in consolidated sales for the Company on an annualized basis. In particular, Automotive Group Canada acquired several wholesalers, the largest of which operated 6 stores in the Quebec City area.

In the United States, Automotive Group USA also completed several transactions, including 3 medium-sized acquisitions: 2 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 the second case, a network of 22 stores located in the Northeastern U.S., serviced by a main warehouse located in Massachusetts. Automotive Group USA also acquired 9 additional corporate stores in the states of New Jersey, New York, Texas and Washington.

Throughout the period, Automotive Group USA continued to integrate companies acquired in 2006 and 2007 in keeping with the integration plans established at the time of each acquisition. Many synergies have been achieved with respect to improved buying conditions resulting from economies of scale and a reduction in fixed operating costs.

2008 → During 2008, the Company focused its efforts on integrating entities acquired during recent quarters.

On January 3, Automotive Group Canada acquired the assets of Replacement Parts Depot Limited ("RPDL"), enabling it to strengthen its presence in Ontario where competition is especially fierce. Meanwhile, the Company sold certain assets of five corporate stores to members of the Uni-Select network and closed one underperforming store in a region that showed lesser 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 Company's history, purchasing some of the assets of Parts Depot, Inc., including 9 distribution centres and 67 stores located on the Atlantic coast, extending the coverage of the Company's operations in Georgia, West Virginia, Maryland and North and South Carolina. Also, the acquisition of Beck/Arnley® in June allowed the Company to increase its presence in a strategic niche with good growth potential – the distribution of parts for foreign nameplate vehicles. During the year, the Company closed 14 stores that were underperforming or had little growth potential and opened four others in regions with greater promise.

2009

2009 was marked by major events:

- Purchase of the minority shareholders' interest in Uni-Select USA;
- Sale of the Heavy Duty Group's assets (Palmar);
- Sale of 14 stores in Canada and the consolidation of less profitable stores in the United States;
- Overhaul of the administrative and operating structure;
- Selection and development of an enterprise resource planning system;
- Deployment of the Beck/Arnley® product line in the Canadian and U.S. networks;
- Integration of the acquisitions made in 2008;
- Extension of payment terms and improved buying conditions with several suppliers; and
- Reduction of excess inventories.

3_Growth strategy

Uni-Select continues to realize the five-year strategic plan it developed in 2007. This emphasizes four strategic development focuses: Growth, Execution, Systems and Culture.

GROWTH

With respect to growth, Uni-Select remains firm in its commitment to continue acquisitions and to promote organic growth by accelerating implementation of its program to distribute parts for foreign nameplate vehicles and by opening or expanding new distribution channels. The Company also plans to broaden the product offering in growth sectors, to increase the number of repair shops and points of sale it serves, and to explore opportunities for growth in neighbouring markets.

While 2008 was an active year with the acquisitions, in the United States, of Beck/Arnley® and assets of Parts Depot, and, in Canada, of Replacement Parts Depot Limited, 2009 was devoted largely to integrating the acquired assets and achieving planned synergies. This has been 100% completed with RPDL and 80% with Parts Depot.

The Company benefited from this pause to conduct a rationalization of its less strategic operations through actions that included selling the assets of its Heavy Duty Group, selling or closing stores in Canada and the United States, and completing the purchase of the minority shareholders' interest in Uni-Select USA.

The Company intends to get back on the acquisition trail in 2010, as illustrated with this past February's acquisition of Automotive Information Management (AIM), a Georgia-based automotive parts-purchasing group that offers its members favourable buying conditions with select manufacturers. This transaction should generate additional warehouse sales and enhance the Company's procurement conditions.

The 2008 acquisition of Beck/Arnley® allowed Uni-Select to launch in 2009 its parts program for foreign nameplate vehicles, positioning the Company as a preferred supplier of parts to meet repair shops' needs. Warehouse sales of parts that are specific to this segment now represent 29% and 22% of total sales in Canada and the United States respectively. These percentages do not include Uni-Select's sale of parts that are common to all vehicle types, whatever their origin.

Uni-Select intends to capitalize on the Beck/Arnley® product line, renowned for its quality and diversity. In 2009, for example, it added more than 1,800 parts to its electronic catalogue, on top of the more than 20,000 parts already listed. The quality of the products provided by Beck/Arnley® makes it a recognized

and accredited supplier of original equipment in areas as critical as braking systems, for example. Concern for meeting the criteria of the 3 F's (FIT, FORM AND FUNCTION) model is a sign of quality at Beck/Arnley®.

National and regional accounts, fleets and retail sales in corporate stores are some of Uni-Select's preferred growth drivers. To these can be added a new niche, namely online sales.

National agreements include the maintenance of partnerships with major clients such as Canadian Tire and LAR, the renewal of agreements with Midas and OK Tire, and the signing of a partnership with Meineke, a network of outlets specializing in braking system maintenance and engine lubrication.

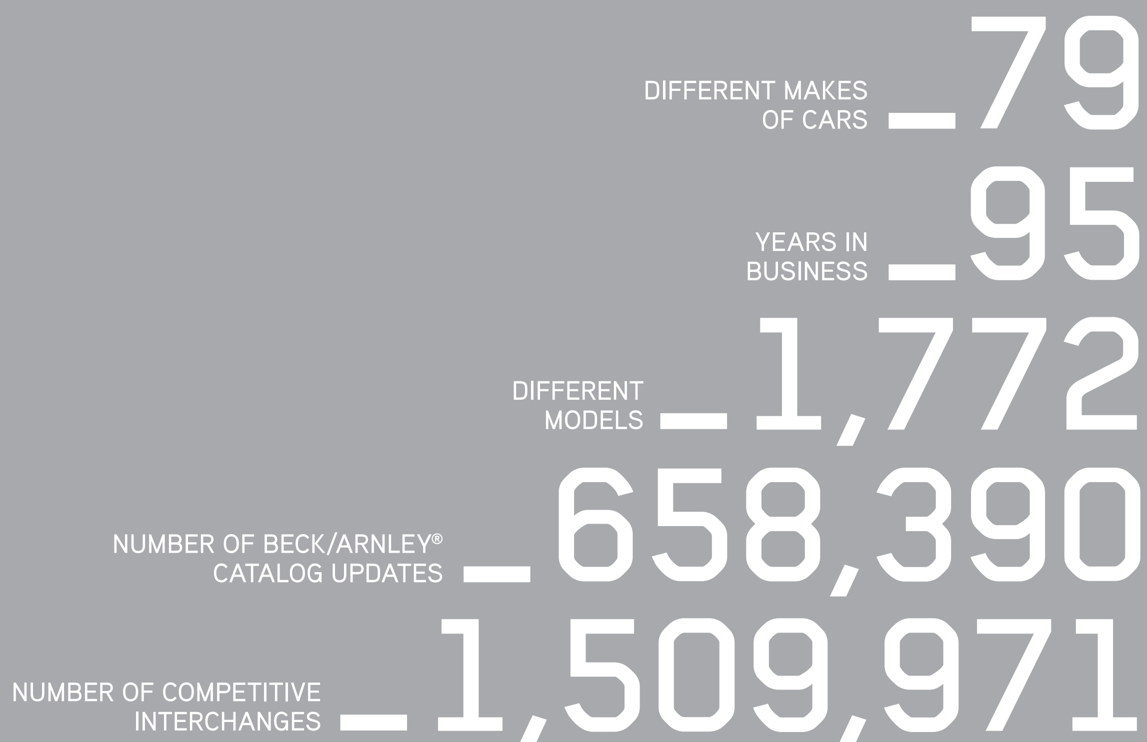
Efforts in the area of fleet services have resulted in agreements, including those with the states of New York and Massachusetts and with Dallas-Fort Worth International Airport.

The 2007 acquisition of Consumer Auto Parts and its 22 stores has helped broaden the Company's knowledge of retail sales as it considers extending this formula in selected markets of its network.

Finally, Internet is shaping up as a promising market niche. Consumers spent more than $4 billion purchasing auto parts online in 2009. The Company has become a supplier to various major Web-based sellers, in addition to supplying some of its members that have their own online sales sites.

Uni-Select considers that servicing more points of sale and increasing the number of repair shops that are licensed to use one of its trademarks is important. Sales in this area rose by 13% in 2008 and 12% in 2009. The Company had 4,317 repair shops under its banners at the end of 2009 and over 3,500 points of sale. Uni-Select intends to convert all of its U.S. stores to Auto-Plus® after dropping the Parts-Plus banner in late 2009 following its withdrawal from the Automotive Distribution Network in the United States.

Beck/Arnley® Expertise



EXECUTION

In terms of execution, Uni-Select has implemented strategic elements that set it apart from the competition.

As for flexible solutions provided to merchants, Uni-Select has reviewed its direct-sales programs to make them even more competitive. These programs offer clients the opportunity to order large quantities of products directly from manufacturers with billing centralized at Uni-Select. Members of AIM, a business acquired early in 2010, can benefit both from this improved direct-purchase program and from warehouse purchases.

In terms of management, Uni-Select continuously consolidates its assets, reduces its inventory while maintaining a level of service that meets customers' expectations and improves the procurement terms and conditions from its main suppliers. In 2009, it also completed the warehouse restructuring announced last year in Canada, with the closing of the RPDL warehouse, and in the Northeastern U.S. with the consolidation of 4 warehouses into a single facility and the grouping of some corporate stores.

The Company also reduced excess inventories significantly while broadening the range of parts for foreign nameplate vehicles. In the United States alone, the Company has reduced its surplus inventory by over $12 million while achieving a 1% improvement in its ability to meet client demand.

Finally, the Company sold the Heavy Duty Group, sold stores in Canada and closed unprofitable stores in the United States located in areas with lesser growth potential.

SYSTEMS

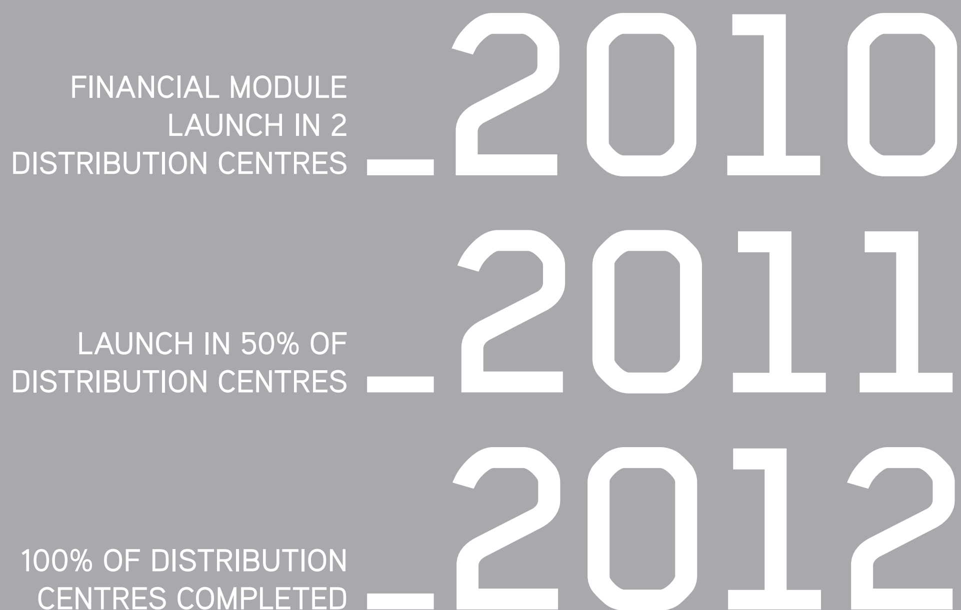
Uni-Select will implement an enterprise resource planning system by 2012. This system will be able to facilitate management of all facets of the organization, from managing warehouses and inventories to managing finances, orders and purchases. This system will require an investment of $46 million, of which $12 million has already been incurred. Benefits include simplified business processes, enhanced productivity and efficiency of distribution centres and a greater ease in the integration of future acquisitions all by standardizing and implementing best practices.

This enterprise resource planning system will provide employees with the best tools for offering flexible solutions to clients and meeting their demands more effectively.

This system will bring the following improvements: first, in sales, it will provide greater flexibility in setting product prices, taking into account fluctuations in regional markets; second, in operations, it will enhance client connectivity, warehouse productivity and delivery accuracy while reducing errors and eliminating duplication of inventory; finally, at the administrative level, it will facilitate management by exception and the integration of future acquisitions.

In 2010, Uni-Select will have to operate with two computerized management systems as the new system will be gradually implemented. The first savings should be achieved in 2011, and most of the recurring systems-related benefits should materialize starting in 2013.

Launch of an enterprise resource planning system



CULTURE

The last strategic focus involves the culture of the Company and its 4,882 employees. Uni-Select favours an entrepreneurial culture of autonomy and efficiency, with each employee providing an optimal contribution. Focusing on excellence in execution, this culture values innovation, commitment and a sense of partnership.

In order to better share this culture with its employees, Uni-Select implemented a communication's program in 2009 to mobilize and connect managers from every level. These programs aim to convey the major issues and the highlights of the strategic plan through existing communications platforms such as the intranet, webinars and a monthly bulletin. Uni-Select also organized an executives' tour early in 2010 to provide information on matters such as changes in the organizational structure.

A *Value Creator* program designed to acknowledge the contributions of top-performing employees has achieved unprecedented success. During 2009, 40 employees per quarter – 160 for the year – were honoured for their outstanding contributions to the Company.

To prepare for implementation of the new management system, the Company instituted change management training programs and developed a new leadership program.

The Company also reviewed employee evaluation programs in Canada and the United States, and completed a succession plan for U.S. managers. This formed the basis of the January 2010 organizational restructuring.

Uni-Select wishes to emphasize that its success is intimately linked to the quality and excellence of its employees. Uni-Select is proud to note that every employee required to implement its reorganization was promoted from within its ranks. This bears testimony to the extent of the Company's expertise.

4_Analysis of results

ANALYSIS OF CONSOLIDATED RESULTS (from continuing operations)

(in thousands of dollars, except for percentages)

	Fourth quarter			Year to date		
	2009	2008	%	**2009**	2008	%
Sales	**315,634**	353,021	(10.6 %)	**1,409,875**	1,247,552	13.0 %
EBITDA	**9,170**	27,808	(67.0 %)	**88,806**	91,665	(3.1 %)
EBITDA margin	**2.9 %**	7.9 %		**6.3 %**	7.3 %	
Non-recurring items [(A)]	**5,324**	1,313		**6,995**	1,490	
Adjusted EBITDA	**14,494**	29,121	(50.2 %)	**95,801**	93,155	2.8 %
Adjusted EBITDA margin	**4.6 %**	8.2 %		**6.8 %**	7.5 %	

(A) For more details, see the table below and the section on "Compliance with Canadian Generally Accepted Accounting Principles".

This table presents the various non-recurring items as well as the reconciliation of adjusted EBITDA and net earnings from continuing operations.

ANALYSIS OF CONSOLIDATED RESULTS (from continuing operations)

(in thousands of dollars)

Non-recurring items	Fourth quarter		Year to date	
	2009	2008	**2009**	2008
EBITDA as reported	**9,170**	27,808	**88,806**	91,665
Expenses related to disposal of stores [1]	**592**	-	**947**	-
Inventory obsolescence reserve [4]	**2,019**	-	**2,019**	-
Integration and closing expenses related to stores [1]	**1,326**	1,313	**1,901**	1,490
Expenses related to enterprise resource planning (ERP) [2]	**753**	-	**1,494**	-
Insurance claims [3]	**634**	-	**634**	-
Total of non-recurring items	**5,324**	1,313	**6,995**	1,490
Segmented non-recurring items				
Automotive Group USA	**4,505**	902	**5,450**	902
Automotive Group Canada	**819**	411	**1,545**	588
Total	**5,324**	1,313	**6,995**	1,490
Adjusted EBITDA	**14,494**	29,121	**95,801**	93,155
Earnings as reported	**5,309**	14,390	**43,350**	46,382
Non-recurring items, after tax	**3,262**	766	**4,340**	886
Adjusted earnings	**8,571**	15,156	**47,690**	47,268

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

(2) Expenses related to ERP selection and training.

(3) Exceptionally high level of claims received.

(4) Adjustment relating to a change in the estimate of the inventory obsolescence reserve. Historically, this amount was relatively low, but following exceptionally high inventory returns at the end of 2009, items have been identified as being excluded from the vendor's list and therefore 100% obsolete.

SALES

The Company achieved organic sales growth of about 1% despite a challenging economy, particularly in the United States. This growth reflects efforts that included:

Developing customer loyalty through parts availability (new products, parts for foreign nameplate cars) and banner programs.

Searching for new market niches such as fleets, online sales and national accounts.

Operational excellence using tools such as the virtual community and new systems for centralized purchasing management.

SALES (CONT'D)

FOURTH QUARTER → Excluding the impact of the following factors, organic growth in the fourth quarter was 0.7%:

- → Fluctuations in the value of the Canadian dollar compared with the U.S. currency, which had a negative impact of 7.7% on sales;
- → The closing of stores that were unprofitable and/or located in areas with lesser growth potential in the United States;
- → The effect on sales from the disposal of 14 stores in Canada during the year.

YEAR TO DATE → Organic growth was 0.8% for the fiscal year. With the following factors taken into account, sales rose by 13.0%:

- → Sales generated by acquisitions made in the last few quarters, representing an 11.6% increase;
- → Fluctuations in the value of the Canadian dollar against the U.S. currency, which had a positive impact of 3.4% on sales for the year.

Partly offset by:

- → The closing of stores that were unprofitable and/or located in areas with lesser growth potential in the United States;
- → The disposal of 14 stores in Canada during the year;
- → One less billing day both in Canada and the United States.

ADJUSTED EBITDA FROM CONTINUING OPERATIONS

FOURTH QUARTER → The adjusted EBITDA margin amounted to 4.6% of sales, compared with 8.2% for the same period in 2008. This decrease is due primarily to the following factors:

A lower gross margin explained by:

- → A lack of price increases for products in the United States compared with the previous year;
- → Higher inventory losses than in the previous year;
- → Unforeseen expenses caused by a higher percentage of claims denied by manufacturers;
- → Special vendor rebates recorded in the fourth quarter of 2008 related to supply agreements that were retroactive to the start of the fiscal year;
- → Pressure on prices and changes in the product lines sold, resulting from greater competition in some markets combined with the difficult economic conditions prevailing in the United States.

Offset by:

- → Reduction of the bonus expense compared to the corresponding quarter of 2008;

YEAR TO DATE → Adjusted EBITDA rose by $2,646, from $93,155 in 2008 to $95,801 in 2009. However, the adjusted EBITDA margin stood at 6.8% of sales, compared with 7.5% for fiscal 2008.

In addition to the factors mentioned for the fourth quarter, the decrease in EBITDA margin was offset by the following factors:

- → Improved purchasing conditions both in the United States and Canada;
- → Higher prices for some product lines in Canada;
- → Lower delivery costs following the reorganization of some delivery routes, combined with lower fuel costs in the United States.

ADJUSTED EBITDA FROM CONTINUING OPERATIONS (CONT'D)

- Tighter spending controls due to the following initiatives:
  - Implementation of various cost-reduction and productivity-enhancement plans instituted over the last few quarters;
  - Achievement of synergies from recent acquisitions;
- Elimination of operating losses from stores closed during the year.

ANALYSIS OF SEGMENTED RESULTS
Automotive Group USA

(in thousands of dollars, except for percentages)

	Fourth quarter			Year to date		
	2009	2008	%	**2009**	2008	%
Sales	**189,574**	227,940	(16.8 %)	**884,182**	718,132	23.1 %
EBITDA	**(3,240)**	13,333	-	**41,275**	46,671	(11.6 %)
EBITDA margin	**(1.7%)**	5.8 %		**4.7 %**	6.5 %	
Non-recurring items [1]	**4,505**	902		**5,450**	902	
Adjusted EBITDA	**1,265**	14,235	(91.1 %)	**46,725**	47,573	(1.8 %)
Adjusted EBITDA margin	**0.7 %**	6.2 %		**5.3 %**	6.6 %	

(1) For more details, see the section on "Analysis of Results" and "Canadian Generally Accepted Accounting Principles".

SALES - AUTOMOTIVE GROUP USA

FOURTH-QUARTER SALES → The 16.8% decrease in fourth-quarter sales can be explained as follows:

- The effects of the exchange rate variation between the Canadian and the U.S. currencies which had a negative impact of 12.0% on sales for the quarter;
- The closing of stores that were unprofitable and/or located in areas with lesser growth potential.

With these factors excluded, the decrease in sales would have been 1.5% on an organic basis.

YEAR TO DATE SALES → The 23.1% increase in sales for the fiscal year can be explained as follows:

- Sales generated by acquisitions made in the latter quarters of 2008, accounting for a 20.2% increase;
- The effects of the exchange rate variation between the Canadian and the U.S. currencies which had a positive impact of 5.9% on sales for the year.

Partly offset by:

- The closing of stores that were unprofitable and/or located in areas with lesser growth potential;
- One less billing day than in the previous fiscal year.

With these factors excluded, sales for the year are comparable with those for the prior year.

ADJUSTED EBITDA - AUTOMOTIVE GROUP USA

FOURTH QUARTER → The adjusted EBITDA margin amounted to 0.7% of sales, compared with 6.2% for the corresponding period in 2008.

The decrease in the adjusted EBITDA margin is due primarily to the following factors:

- A lack of price increases in products compared with the previous year;
- Higher inventory losses than in the previous year;
- Unforeseen expenses caused by a higher percentage of claims denied by manufacturers on some returned merchandise;
- Special vendor rebates recorded in the fourth quarter of 2008 related to supply agreements that were retroactive to the start of the fiscal year;
- Pressure on prices and changes in the product lines sold, resulting from increased competition in some markets combined with the challenging economy prevailing in the United States.

Offset by:

- Reduction of the bonus expense compared to the same quarter in 2008;
- Tighter spending control due to the following initiatives;
  - Implementation of various cost-reduction and productivity-enhancement plans instituted over the last few quarters;
  - Achievement of synergies from recent acquisitions;
- Elimination of operating losses from stores closed during the year.

YEAR TO DATE → The adjusted EBITDA margin stood at 5.3% of sales, against 6.6% for fiscal 2008.

In addition to the factors mentioned for the fourth quarter, the reduction in the adjusted EBITDA margin was offset by the following elements:

- Improved buying conditions;
- Lower delivery costs following reorganization of some delivery routes combined with lower fuel costs.

ANALYSIS OF SEGMENTED RESULTS
Automotive Group Canada

(in thousands of dollars, except for percentages)

	Fourth quarter			Year to date		
	2009	2008	%	**2009**	2008	%
Sales	**126,060**	125,081	0.8%	**525,693**	529,420	(0.7%)
EBITDA	**12,410**	14,475	(14.3%)	**47,531**	44,994	5.6%
EBITDA margin	**9.8%**	11.6%		**9.0%**	8.5%	
Non-recurring items [1]	**819**	411		**1,545**	588	
Adjusted EBITDA	**13,229**	14,886	(11.1%)	**49,076**	45,582	7.7%
Adjusted EBITDA margin	**10.5%**	11.9%		**9.3%**	8.6%	

(1) For more details, see the section on "Analysis of Results" and "Canadian Generally Accepted Accounting Principles".

Unlike that in the United States, the business model in Canada focuses on managing warehouses, with jobbers providing territorial coverage. The Company has thus decided to sell some of its corporate stores while protecting its future revenues through supply agreements with the buyers of those stores. Some 14 stores were sold. These transactions led to non-recurring costs that are adjusted in EBITDA to reflect only the EBITDA on current operations.

SALES – AUTOMOTIVE GROUP CANADA

FOURTH QUARTER → Organic growth amounted to 4.7%, demonstrating the success of sales efforts in nearly every region. Taking into account the sale of 14 corporate stores during the year, the sales increase was 0.8%.

This organic growth is all the more noteworthy considering that many clients advanced their purchases to the fourth quarter of 2008 because of price increases announced for certain product lines in 2009.

YEAR TO DATE → Organic growth was 2.0% and was felt more strongly in the second half of the year. This growth was partly offset by:

- The effect on sales from the sale of 14 stores during the year;
- One less billing day than in the previous year.

ADJUSTED EBITDA – AUTOMOTIVE GROUP CANADA

FOURTH QUARTER → EBITDA margin fell by 1.4%. This variation can be explained by the following factors:

- A lower gross margin following:
  - Special vendor rebates recorded in the fourth quarter of 2008 related, among other factors, to exchange-rate fluctuations and the negotiation of supply agreements retroactive to the start of the year;

YEAR TO DATE → EBITDA margin rose by 0.7%. This situation can be explained by the following factors:

- A higher gross margin following:
  - Inflation on some product lines in 2009;
  - Better buying conditions;

ADJUSTED EBITDA – AUTOMOTIVE GROUP CANADA (CONT'D)

  – The sale of corporate stores, for which margins to installers are higher.

Partly offset by:

→ A more favourable sales' mix;

→ Lower operating costs following the sale of some corporate stores.

Partly offset by:

→ The sale of corporate stores, for which gross margins to installers are higher;

→ Lower operating costs due to:
  – The integration and achievement of synergies with respect to acquisitions completed in 2008;
  – The sale of corporate stores with higher operating costs for serving the repair shops.

ANALYSIS OF OTHER ITEMS AND AMOUNTS RELATED TO CONSOLIDATED RESULTS (from continuing operations)

(in thousands of dollars, except for percentages)

	Fourth quarter			Year to date		
	2009	2008	%	**2009**	2008	%
Interest	**1,921**	2,074	(7.4%)	**8,293**	6,875	20.6%
Amortization	**3,277**	3,579	(8.4%)	**13,988**	11,326	23.5%
Income taxes	**(1,333)**	6,829		**19,872**	23,580	
Tax rate	**(33.6%)**	30.8%		**29.9%**	32.1%	

INTEREST

FOURTH QUARTER → The decrease in interest expense is due to a lower debt level than in the corresponding quarter of 2008 because of various initiatives taken during the year, partly offset by a rise in interest rates.

YEAR TO DATE → The rise in expenses is due to a higher average debt level than in the previous year resulting from acquisitions completed in 2008, partly offset by lower average interest rates.

AMORTIZATION

FOURTH QUARTER → The decrease in amortization expenses is due to the increase in the value of the Canadian dollar compared with its U.S. counterpart, partly offset by acquisitions of fixed assets and development of intangible assets in 2008 and 2009, primarily for modernizing management systems and renewing the vehicle fleet in the United States.

YEAR TO DATE → The rise in amortization expenses is due to business acquisitions completed in 2008 and to acquisitions of fixed assets and development of intangible assets in 2008 and 2009, primarily for modernizing management systems and for renewing the fleet of vehicles in the United States.

The enterprise resource planning system will be amortized gradually as its various functions are put into service.

INCOME TAXES

FOURTH QUARTER → During the quarter, the Company simplified its organizational structure and established a new financing structure for the U.S. subsidiary. This new structure has had the effect of reducing the Company's consolidated tax rate.

Given the low weighting of the pre-tax income of U.S. operations in the fourth quarter compared with those for the year, the Company reversed part of the provision for taxes during the quarter.

YEAR TO DATE → The 2.2% decrease in the effective tax rate for the year can be explained primarily as follows:

- The establishment of a new financing structure that allowed for a 1.6% reduction in the tax rate;
- The recognition of previously unrecorded tax savings.

Partially offset by a different geographic weighting.

(For more details, see Note 6 to the Consolidated Financial Statements.)

The new financing structure put in place in the last quarter of 2009 should reduce the income tax expense by $3,000 in 2010.

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

EARNINGS AND EARNINGS PER SHARE (from continuing operations)

(in thousands of dollars, except for percentages)

(from continuing operations)	Fourth quarter			Year to date		
	2009	2008	%	**2009**	2008	%
Earnings	**5,309**	14,390	(63.1)	**43,350**	46,382	(6.5)
Non-recurring items [1]	**3,262**	766		**4,340**	886	
Adjusted earnings	**8,571**	15,156	(43.4)	**47,690**	47,268	0.9
Earnings per share	**0.27**	0.73	(63.0)	**2.20**	2.35	(6.4)
Non-recurring items per share	**0.17**	0.04		**0.22**	0.04	
Adjusted earnings per share	**0.44**	0.77	(42.9)	**2.42**	2.39	1.3

(1) For more details, see the section on "Analysis of Results" and "Canadian Generally Accepted Accounting Principles".

NET INCOME

Taking into account the loss on discontinued operations, Uni-Select recorded net earnings of $38,570 in 2009, compared with $45,920 in 2008. Basic earnings per share as well as diluted earnings per share amounted to $1.96 in 2009, against $2.33 in 2008.

The following table shows the main cash flows resulting from the various initiatives taken during the year.

5_Cash flows and sources of financing

CASH FLOWS

(in thousands of dollars)

	Fourth quarter		Year to date	
	2009	2008	**2009**	2008
Cash at beginning of the quarter / year	**38,100**	469	**9,682**	599
Cash flows from operations before working capital items	**15,104**	24,721	**69,066**	71,893
Accounts receivable	**27,017**	16,419	**7,241**	8,158
Inventory	**628**	(19,627)	**11,450**	(12,614)
Prepaid expenses	**(1,786)**	(896)	**(1,720)**	(983)
Accounts payable	**(9,125)**	34,208	**(19,060)**	45,073
Income taxes receivable/payable	**(8,383)**	97	**2,940**	(6,691)
Working capital items	**8,351**	30,201	**851**	32,943
Cash flows from continuing operations	**23,455**	54,922	**69,917**	104,836
Cash flows from discontinued operations	**8,282**	1,300	**19,739**	1,131
Disposal of assets	**3,101**	-	**4,162**	-
New long-term debt	**-**	137	**-**	85,114
TOTAL cash inflows	**34,838**	56,359	**93,818**	191,081
Purchase of non-controlling interest	**(46,013)**	-	**(46,209)**	-
Purchase of various fixed assets	**(4,193)**	(3,936)	**(10,345)**	(10,533)
Payment of dividends	**(2,296)**	(2,128)	**(9,006)**	(8,492)
Development of intangible assets	**(1,240)**	(1,180)	**(8,818)**	(3,766)
Investments and advances to members	**(328)**	(1,079)	**(3,997)**	(1,894)
Repayment of bank debt	**(2,493)**	(36,486)	**(2,891)**	(37,035)
Business acquisitions	**(476)**	(2,409)	**(1,143)**	(119,878)
TOTAL disbursements	**(57,039)**	(47,218)	**(82,409)**	(181,598)
Effect of exchange rate changes on cash	**(653)**	1,335	**(4,954)**	1,863
Others	**604**	(1,263)	**(287)**	(2,263)
Cash at end of quarter / year	**15,850**	9,682	**15,850**	9,682

WORKING CAPITAL ITEMS → Working capital items generated cash flows of $851 in 2009, compared with $32,943 in 2008. This change is due primarily to the orderly reduction of inventories in 2009, the variation in accounts payable, and income taxes. The variation in accounts payable is explained as follows:

2008 / 2007:

- Reconstitution of accounts payable upon taking charge of the operations of businesses acquired in 2008;
- Management of accounts payable's terms.

2009 / 2008:

- Reduction in purchases of inventory in the fourth quarter of 2009 in the United States, combined with an overall reduction in inventory;

Partly offset by

- New terms of payment to the largest suppliers obtained under the vendor financing program.

DISPOSAL OF ASSETS → In Canada, the Company sold 14 corporate stores during the year to refocus its activities on distribution. *(For more details on this, see Note 10 to the Consolidated Financial Statements.)*

NEW LONG-TERM DEBT → These loans had been contracted during the previous year to finance acquisitions.

NON-CONTROLLING INTEREST → Corresponds to the purchase of the minority shareholders' interest in the U.S. subsidiary. Following this transaction, the Company owns 100% of its subsidiary.

PURCHASE OF VARIOUS FIXED ASSETS → These purchases include renewal of computer hardware and of the fleet of vehicles.

PAYMENT OF DIVIDENDS → Dividend payments to common shareholders, amounting to $0.457 per share for the year, represent a 6.0% increase over the previous year's dividend of $0.431.

DEVELOPMENT OF INTANGIBLE ASSETS → Related primarily to the development of the enterprise resource planning software. These assets also include development of the virtual community to link the various stakeholders in the distribution chain, and the inventory management system, which enabled the supply function to be centralized and optimized. *(For more details on intangibles, see Notes 3 and 16 to the Consolidated Financial Statements.)*

SOURCES OF FINANCING

THE COMPANY IS IN A FINANCIAL POSITION TO SUPPORT ITS INITIATIVES → The Company has a credit facility consisting of a $235,000 revolving line of credit maturing in October 2011 and a $90,000 operating line of credit maturing in October 2010, renewable for a period of one year. As at December 31, 2009, the Company had an unused credit facility of $175,000 for its development ($125,000 as at December 31, 2008).

VENDOR FINANCING PROGRAM → In the second quarter of the year, the Company implemented a vendor financing program. Under this program, financial institutions make discounted accelerated payments to suppliers, and the Company makes full payment to the financial institution, based on the new extended terms agreed to with suppliers. As at December 31, 2009, under these agreements Uni-Select has financed $35,140, for which the terms of payment have been extended. These amounts are presented in the accounts payable in the consolidated balance sheet. This program is available upon request and may be amended by either party. As at December 31, 2009, the Company had an authorized limit of $75,000 for this program.

FUND REQUIREMENTS → With its ability to generate cash flows and the credit facility at its disposal, the Company has the funds it needs to cover its various cash requirements, including:

	2010 Year to date
Implementation of an enterprise resource planning system	$24,000
Dividend payment, according to its policy	$9,000
Purchase of various fixed assets, primarily for the development of information systems equipment and the modernization of its truck fleet in the United States	$10,000
As well as the payment of its various operational and contractual obligations.	

The following table presents the contractual maturities of financial liabilities as at December 31, 2009:

(in thousands of dollars)

Financial liabilities at carrying amount	Maturing Under 1 year	1 to 3 years	Over 3 years	Total
Bank indebtedness	44			44
Accounts payable	181,773			181,773
Dividends payable	2,298			2,298
Liabilities from discontinued operations	2,384			2,384
Long-term debt	131	178,846	20	178,997
Interest	3,517	2,980		6,497
Merchant-members' deposits in a guarantee fund	271		7,288	7,559
Derivative financial instruments	2,388	3,265		5,653
	192,806	185,091	7,308	385,205

FINANCIAL INSTRUMENTS → The Company uses financial derivatives to reduce the interest-rate risks to which its debt is exposed. The Company does not use financial instruments for trading or speculation purposes. In 2008, the Company entered into various interest-rate swap agreements as part of its program to manage floating interest rates on its debt and its corresponding overall borrowing cost. These contracts, amounting to $120,000, mature in a series of three equal instalments of $40,000 in 2011, 2012 and 2013, and bear an average interest rate of 3.68%. *(Additional information on financial instruments is provided in Notes 2, 3 and 28 to the Consolidated Financial Statements contained in the Annual Report).*

CAPITAL STRUCTURE

FLEXIBILITY AND RETURNS TO SHAREHOLDERS → The Company's cash management strategy optimizes the capital structure to make it as flexible as possible and to enable the Company to benefit from strategic opportunities that may arise while minimizing related costs and maximizing returns to shareholders. The Company adapts capital management to changing business conditions and the risks related to the underlying assets.

INDEBTEDNESS

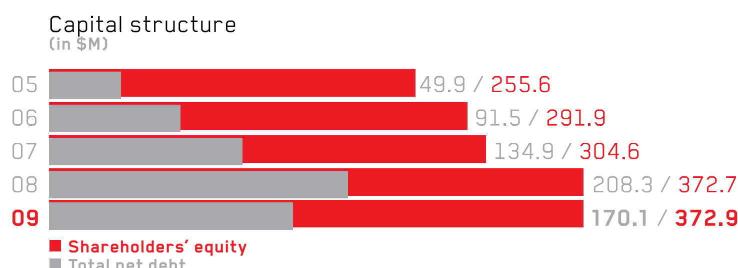
The Company seeks to maintain the following objectives:

- A ratio of total net debt (net of cash) on total net debt plus equity of less than 45%;
- A ratio of long-term debt on equity less than 125%;
- A ratio of funded debt on EBITDA not exceeding 3.5.

These ratios do not constitute the calculations required in financial ratios clauses but rather those that the Company considers pertinent to follow as a way of ensuring flexibility in the capital structure. However, for purposes of compliance, the Company periodically reassesses the requirements of its credit facility to ensure that they are being met.

For purposes of capital management, the definition of capital includes shareholders' equity, bank indebtedness, long-term debt and merchant members' deposits in a guarantee fund, net of cash.

(For more details on capital management, see Note 27 to the Consolidated Financial Statements.)



(in thousands of dollars, except percentages)	Objectives	2009	2008	%
Long-term debt		**186,556**	217,958	(14.4%)
Total net debt		**170,079**	208,276	(18.3%)
Shareholders' equity		**372,918**	372,701	-
Total net debt on total net debt plus equity	Less than 45%	**31.4%**	35.8%	
Long-term debt to equity ratio	Less than 125%	**50.0%**	58.4%	
Funded debt to EBITDA ratio	Maximum 3.5	**1.92**	2.27	

The improvement in debt ratios is due to the following factors:

- The increase in cash following various initiatives taken during the year. *(For more details, see the previous section on cash flows);*
- Exchange rate fluctuations.

Uni-Select is in a strong financial position to pursue its operations and its expansion projects.

SHAREHOLDERS' EQUITY

The Company is continuously seeking to create value for its shareholders. The book value of common shares as at December 31, 2009, is $18.91. Book value remained stable in 2009 because of the strength of the Canadian dollar compared to the U.S. currency as at December 31, 2009, compared with 2008. The compounded annual growth rate (CAGR) of the book value of shares in the last five years is 7.7%.

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

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

RETURN ON AVERAGE EQUITY → The return on average shareholders' equity, excluding the loss related to discontinued operations, is 11.6% for the year, compared with 13.7% in 2008, contributing to an average of 14.4% for the last five years.

Information on capital stock

(in thousands of shares)

	Fourth quarter		Year to date	
	2009	2008	**2009**	2008
Number of outstanding shares	**19,716**	19,694	**19,716**	19,694
Weighted average number of outstanding shares	**19,715**	19,702	**19,710**	19,724

As at March 30, 2010, the Company has 19,716,357 shares outstanding and unexercised options on 73,929 shares. *(Additional information of the stock option plan intended for officers and senior executives as at December 31, 2009, is presented in Note 22 to the Consolidated Financial Statements contained in the Annual Report.)*

DIVIDENDS → The Company paid $9,006 in dividends in 2009, compared with $8,492 for the year ended December 31, 2008. This increase follows a decision by the Board of Directors to raise the dividend by 9.3% based on 2008 earnings, from $0.43 to $0.47 per share. The fourth quarterly dividend in 2009, in the amount of $0.1165, was declared on November 11, 2009, and paid on January 21, 2010, to shareholders of record as at December 31, 2009. On March 30, 2010, the Company also declared a dividend of $0.1165, to be paid on April 21, 2010, to shareholders of record as at March 31, 2010.

Dividend per share

FINANCIAL POSITION

Uni-Select took advantage of 2009 to improve and optimize its balance sheet in order to be in a strong position to face the future. For this purpose, the following initiatives were taken: the disposal of assets that were not generating the return desired by the Company; the orderly reduction of inventories; and the implementation of the vendor financing program. This enabled the Company to generate sufficient cash flow to provide, among others, for the buyback of the minority shareholders' interest in the U.S. subsidiary without increasing the debt. Various balance-sheet items thus differed accordingly, in addition to being affected by the fluctuation of the Canadian dollar against the U.S. currency.

The following table shows an analysis of the main items in the consolidated balance sheets.

(in thousands of dollars)

	2009	2008	Variance	Impact from business acquisitions/ disposals	Exchange rate impact	Net variance	Explanations for net variances
Working capital excluding cash and bank indebtedness	**379,556**	467,911	(88,355)	(25,896)	(49,035)	(13,424)	The decrease is due primarily to improved collection of accounts receivable, combined with lower excess inventories, partly offset by a reduction in accounts payable.
Fixed assets	**39,660**	45,963	(6,303)	(757)	(3,977)	(1,569)	Due to amortization exceeding acquisitions.
Intangible assets	**27,836**	17,123	10,713	-	(1,613)	12,326	Due to development of the enterprise resource planning system.
Goodwill	**93,961**	99,501	(5,540)	3,221	(8,761)	0	
Long-term debt	**178,866**	209,907	(31,041)	(222)	(30,252)	(567)	Due to repayments.
Minority shareholders	**3,453**	46,776	(43,323)	(40,777)	(5,840)	3,294	Portion of results attributable to Uni-Select USA minority shareholders.

COMPLIANCE WITH CANADIAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Unless otherwise indicated, the financial information presented hereinafter is prepared in compliance with Canadian Generally Accepted Accounting Principles (GAAP). The information included in this report contains some items that are not performance measures consistent with GAAP including:

ORGANIC GROWTH → This measurement 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 measurement 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, may differ from actual organic growth rates. In addition, this measurement may not correspond to similarly titled measurements used by other companies.

EBITDA → This measurement represents operating income before depreciation, amortization, interest, income taxes and non-controlling interest. This measurement 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 measurement of liquidity, but as additional information. Because EBITDA is not a measurement defined

by 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."

EBITDA MARGIN → The EBITDA margin is a percentage corresponding to the ratio of EBITDA to sales.

NON-RECURRING ITEMS → These are rarely incurred costs that management regards as not being characteristic or representative of the Company's regular operations. They include the following costs: those incurred when disposing of or closing stores, non-capitalizable costs related to the implementation of the enterprise resource planning system, costs of integrating recently acquired companies, and changes in estimates of provisions for obsolescence of inventory. This document presents analysis of variations in EBITDA, earnings from continuing operations and earnings per share from continuing operations, excluding non-recurring items. Although these measurements are not standardized in GAAP, Company management regards them as good indicators for comparing operational performance.

ADJUSTED EBITDA → This measurement corresponds to EBITDA plus non-recurring items. According to management, adjusted EBITDA is more representative of the Company's operational performance and more appropriate in providing additional information to investors because it gives an indication of the Company's ability to repay its debts. Since EBITDA is not established in compliance with GAAP, it may not be comparable to other companies' EBITDA.

TOTAL NET INDEBTEDNESS → This measure consists of bank indebtedness, long-term debt and merchant members' deposits in a guarantee fund (including short-term portions), net of cash.

RATIO OF TOTAL NET DEBT TO TOTAL NET DEBT PLUS EQUITY → 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 measurements used by other companies.

The Company uses these two measurements because they are widely accepted indicators of a company's short- and long-term financial health.

FUNDED DEBT TO EBITDA → This ratio corresponds to bank indebtedness, long-term debt and merchant members' deposits in a guarantee fund (including short-term portions) to EBITDA.

AVERAGE NET ASSETS → Total assets minus non-interest-bearing debts, such as accounts payable, dividends payable, and future taxes, divided by 2.

RETURN ON AVERAGE NET ASSETS → This measurement consists of earnings before interest, minus related taxes, divided by average net assets.

The Company believes many users of its management report analyze the results based on these measurements of returns. These measurements that are not GAAP-compliant are taken primarily from the Consolidated Financial Statements, but they have no standardized significance set out in Canadian GAAP; accordingly, other companies using similar terms may calculate them differently.

6_Quarterly operating results

Consolidated (from continuing operations)

Quarterly results are affected by seasonal factors. The Company records earnings in each quarter, but the second and third quarters have historically been more productive in terms of sales than the first and fourth quarters. For 2008, the fourth quarter deviated from this rule because it included sales from Parts Depot, acquired in September 2008 combined with fluctuations in the Canadian dollar against the US currency.

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

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

	Fourth quarter		Third quarter		Second quarter		First quarter	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
Sales	**315,634**	353,021	**359,236**	308,162	**384,161**	317,685	**350,844**	268,684
EBITDA from continuing operations	**9,170**	27,808	**27,159**	23,195	**31,768**	25,017	**20,709**	15,645
Adjusted EBITDA from continuing operations	**14,494**	29,121	**28,830**	23,372	**31,768**	25,017	**20,709**	15,645
Adjusted EBITDA margin from continuing operations	**4.6%**	8.2%	**8.0%**	7.6%	**8.2%**	7.9%	**5.9%**	5.8%
Adjusted earnings from continuing operations	**8,571**	15,156	**14,096**	12,031	**16,029**	13,179	**8,994**	6,904
Earnings from continuing operations	**5,309**	14,390	**13,018**	11,909	**16,029**	13,179	**8,994**	6,904
Net earnings	**7,248**	14,816	**7,901**	12,354	**15,408**	12,689	**8,013**	6,061
Adjusted basic and diluted earnings per share from continuing operations	**0.44**	0.77	**0.71**	0.61	**0.81**	0.67	**0.46**	0.35
Basic and diluted earnings per share from continuing operations	**0.27**	0.73	**0.66**	0.60	**0.81**	0.67	**0.46**	0.35
Basic and diluted earnings per share	**0.37**	0.75	**0.40**	0.63	**0.78**	0.64	**0.41**	0.31
Dividend paid per share	**0.116**	0.108	**0.117**	0.108	**0.117**	0.108	**0.108**	0.108
Average exchange rate for earnings	**1.056**	1.224	**1.099**	1.040	**1.204**	1.007	**1.246**	1.004

7_Risk management

INDUSTRY- AND ECONOMY-RELATED RISKS → The motor vehicle replacement parts and accessories distribution market is partly dependent on economic conditions, the size and use of the vehicle fleet, and advances in technology. Other more pivotal factors, such as inflation, fuel prices, and foreign exchange and interest-rate fluctuations, may also affect the Company's results.

ECONOMIC CLIMATE → The economic climate has a moderate impact on sales of automotive replacement parts and on the Company's operations. 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 deciding to make car repairs is less discretionary and less expensive than the decision to buy a new vehicle. Furthermore, approximately 65% of Uni-Select's sales come from the sale of key replacement parts required for the proper functioning of motor vehicles and, accordingly, these sales are less arbitrary than the sale of accessories.

GROWTH IN THE VEHICLE FLEET → Although growth in the number of registered vehicles in North America is relatively modest, the decline in sales for new vehicles has resulted in an aging vehicle fleet, leading to an increase in demand for replacement parts.

The automotive aftermarket shares certain suppliers with automobile manufacturers. The decline in demand for new vehicles and the closing of car assembly plants in North America could harm the financial strength of these suppliers. To reduce this risk, the Company regularly reviews the financial results of its main suppliers as well as the diversification of its sources of supply.

The growing number of car models over the last few years, coupled with their longer lifespan, is resulting in a proliferation of replacement parts, imposing financial constraints on distributors and merchants that must carry a greater selection of parts to ensure adequate availability. This factor is partly offset by manufacturers putting increasingly sophisticated technological components into their vehicles, resulting in each part serving more purposes and costing more to repair, which is favourable to the replacement parts industry.

The rise in the number of foreign vehicle brands in North America is also responsible for the growing number of car models and the proliferation of replacement parts. This situation, together with the use of this complex technology and the greater number of electronic components being used in cars, are factors that tend to favour dealers when consumers are deciding on a service supplier to perform their vehicle maintenance. On the other hand, any potential downsizing of automobile dealers could result in a move toward the aftermarket network for vehicle maintenance and repairs.

TECHNOLOGY → Ongoing technological developments in recent years is requiring distributors and merchants to provide continuing training programs to their employees, along with access to new diagnostic tools. Uni-Select manages the potential impact of these trends through the scope and quality of the training and support programs it provides to independent merchants, their employees and their customers. It provides its clients with access to efficient and modern technologies in the areas of data management, warehouse management and telecommunications.

INFLATION → Management believes 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 the profitability of its distribution centres. To reduce the risk of deflation in the value of inventoried parts, the Company has compensation agreements with most of its suppliers.

FUEL PRICES → There is a direct link between oil prices and distance travelled and also between distance travelled and the rate of vehicle wear and tear and repairs. Following the stabilization in oil prices in the second half of 2009, we observed a rise in the number of kilometres/miles travelled during that period, with a return to 2007 levels. Fuel prices are also affecting the Company's delivery costs in the United States.

EXCHANGE RATES → Exchange-rate fluctuations between the U.S. and Canadian currencies can affect the value of the Company's consolidated sales in Canadian dollars and its profitability. The potential impact on its profitability is somewhat reduced by the fact that its sales and purchases are made in both currencies, naturally protecting it against such fluctuations. Our most recent analysis shows that a $0.01 variation in the value of the Canadian dollar versus the U.S. currency would have an impact of $0.015 per share on the Company's results. This impact is purely on the books and does not affect cash flows.

INTEREST RATES → Significant cash flows from operations and the annualized contribution to results from acquired operations year after year shelter the Company relatively well against risks from a sharp rise in interest rates. During 2008, the Company signed contracts to exchange variable rates on $120,000 of debt for fixed rates. All things being equal, a favourable or unfavourable variation of 0.50% in the base rate would have a minimal 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 the Company to take special measures to promote its merchants' loyalty and long-term survival. This is why 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 buying 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 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 owners of 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. Where appropriate, Uni-Select may decide to purchase this merchant's business 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 several dozen businesses in the last five years alone, including the two largest acquisitions in its history, which are being integrated as planned. To limit its risk, the Company has adopted a targeted and selective acquisition strategy, conducts strict due diligence procedures and develops detailed integration plans. Finally, Uni-Select relies on a multidisciplinary team that 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, Uni-Select regularly updates its operational, strategic and financial risks analysis and control system, which was introduced in recent years and is under the direct responsibility of the Board of Directors.

BUSINESS AND FINANCIAL SYSTEMS → The Company's growth-by-acquisition strategy has led to a proliferation of business systems in the United States. In the last few years, the Company has been able to integrate all its acquisitions into the main financial system but has had to maintain various business systems, establishing interfaces required under the circumstances.

To encourage its growth, management selected SAP as its enterprise resource planning system in 2009 and will implement it over the next three years in a gradual, orderly fashion.

To mitigate implementation risks, the Company will begin with the financial module and will gradually deploy the operational module across its warehouse network from late 2010 until 2012. In addition to facilitating the management of every facet of the organization, this system will consolidate several business and financial applications as well as their interfaces and will add a number of automated controls that constitute compensatory controls. Standardization of processes will also facilitate the day-to-day management of operations.

8_2010 vision

Uni-Select's mission and its vision for 2010 remain unchanged.

However, following the refocusing on its automotive operations, the Company thought it would be wise to reorganize the operating structure in order to implement its five-year strategic plan even more effectively. The new organizational structure does away with the boundaries between Canada and the United States, creating two divisions based on the very nature of its customers. Both the Jobbers and Major Accounts division and the Corporate Stores division will aim to develop their respective growth platforms, which should be a source of organic growth for the Company. The Company holds the view that these two divisions are closely linked, since one is responsible for supplying the other. Any attempt to separate the results would lead to arbitrary allocations that would cause the reader's eventual judgment to deviate from reality. The Company thus intends to report on only one business segment, starting in 2010.

The Company will also continue to promote growth through acquisitions, especially in the United States where opportunities remain because of the relative fragmentation of the market.

The Company is confident that this new structure will support the development plan over the next few years and that Uni-Select will benefit from focusing on growth activities, namely acquisitions, corporate stores and sales to independent distributors and major accounts.

9_Changes in accounting policies

GOODWILL AND INTANGIBLE ASSETS → On January 1, 2009, in keeping with applicable transitional provisions, the Company adopted the new recommendations in Section 3064 of the *CICA Handbook* of the Canadian Institute of Chartered Accountants (CICA), titled *Goodwill and Intangible Assets.* This section sets out standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets after the initial recognition. Adoption of these recommendations has resulted in computer software being reclassified from tangible capital assets to intangible assets. As at December 31, 2008, this reclassification has had the effect of raising the net book value of intangible assets and reducing the book value of tangible assets by $8,976, as well as separating acquisitions of capital assets and development of intangibles in the cash flows.

CREDIT RISK AND FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES → On January 1, 2009, the Company adopted the recommendations in EIC-173 in the *CICA Handbook, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities.* This abstract specifies that the entity's credit risk and the counterparty's credit risk should be taken into account in determining fair value of financial assets and financial liabilities, including derivatives.

This section is being applied retroactively without restating the consolidated financial statements for the previous periods. As at January 1, 2009, taking credit risk into account in assessing financial derivatives had no significant effect on the consolidated results.

FINANCIAL INSTRUMENTS – DISCLOSURE → In June 2009, the Accounting Standards Board published amendments to Section 3862, *Financial Instruments Disclosures,* in *the CICA Handbook* to make it comply with International Financial Reporting Standards (IFRS) 7, *Financial Instruments – Disclosures.* This section was amended to include requirements for additional information on assessment of fair value of financial instruments and to improve liquidity risk information (Note 28). These amendments establish a three-level fair-value hierarchy, giving priority to the data used in assessing fair value. These levels are as follows: Level 1, observable data such as prices quoted on active markets; Level 2, inputs other than prices quoted on active markets that are directly or indirectly observable; and Level 3, inputs that are not based on observable market data, or only to a very limited extent, requiring entities to establish their own hypotheses. The amended section deals only with disclosure and has no effect on consolidated results.

10_Future accounting amendments

BUSINESS COMBINATIONS → In January 2009, CICA published Section 1582, *Business Combinations,* replacing Section 1581 of the same name. This section applies prospectively to business combinations conducted during fiscal periods starting January 1, 2011. The section sets out standards for recording a business combination. The Company will analyze the impacts of applying this section when analyzing IFRS.

CONSOLIDATED FINANCIAL STATEMENTS → In January 2009, the CICA published Section 1601, *Consolidated Financial Statements,* replacing Section 1600 of the same name. This section applies to interim and annual financial statements for fiscal years starting January 1, 2011. The section sets out standards for establishing consolidated financial statements. The Company will analyze the impacts of applying this section when analyzing IFRS.

NON-CONTROLLING INTERESTS → In January 2009, the CICA published Section 1602, *Non-Controlling Interests,* replacing Section 1600, *Consolidated Financial Statements.* This section applies to interim and annual financial statements starting January 1, 2011. The section sets out standards for recording non-controlling interests in a subsidiary in the consolidated financial statements following a business combination. The Company will analyze the impacts of applying this chapter when analyzing IFRS.

INTERNATIONAL FINANCIAL REPORTING STANDARDS → In February 2008, the Canadian Accounting Standards Board of the CICA announced that the use of IFRS established by the International Accounting Standards Board will be required for fiscal years beginning January 1, 2011, for publicly accountable profit-oriented businesses. IFRS will replace the Canadian standards.

In 2008, to ensure a successful conversion, the Company established a comprehensive transition plan.

PHASE	DEADLINE	IMPLEMENTATION
Phase 1: Awareness → Preparation of the comprehensive transition plan → Mobilization of the organization → Confirmation of executive involvement → Assignment of team members to complete the project → Establishment of methods for analyzing of standards	Late 2008	Completed
Phase 2: Assessment → Finalization of the comprehensive transition plan → Identification of differences between Canadian standards and IFRS → General review of choices (IFRS 1 exemptions) → Start of training for the team, senior executives and Board of Directors' members	Second quarter 2009	Completed
Phase 3: Conception → Identification of impacts on systems → Finalization of choices (IFRS 1 and explicit choices) → Resolution of differences between IFRS and Canadian standards → Establishment of accounting policies → Preparation of the IFRS financial statement model	First quarter 2010	The IFRS team takes part in implementing the ERP system to ensure that configuration is in compliance with IFRS. Analysis of IFRS 1 exemptions and explicit choices is completed. Resolution of differences between IFRS and Canadian standards; IFRS model financial statements being prepared.
Phase 4: Implementation → Reconciliation of opening balances (TM2 2010) → Preparation of IFRS 2010 interim financial statements alongside financial statements based on Canadian standards (comparables for 2011) → Continuation of training for the entire organization → Determination of impacts on infrastructure, business activities and control activities, and completion of necessary adjustments → Publication of IFRS financial statements (TM1 2011)	Late 2010	Opening balance sheet being prepared.

The first two phases of the transition plan have been completed. The Company is currently completing analysis of the impact of differences between Canadian standards and IFRS on accounting policies, financial statements and disclosure. The opening balance sheet is also being prepared. Accounting policies are likely to be amended, and this should affect the Company's consolidated financial statements. A process of progress reports to the Audit Committee on the status of the IFRS project has been instituted.

IFRS 1, *First-time Adoption of International Financial Reporting Standards*, provides guidelines for the initial adoption of IFRS. IFRS 1 requires full retroactive application of applicable IFRS at the end of the first disclosure period. However, IFRS 1 sets out optional exemptions for some specific standards where costs of complying with these requirements may exceed the benefits for users of financial statements. IFRS 1 also sets out compulsory exceptions in specific cases where retroactive application would require management's judgments on past events for which the conclusions are already known. The Company's preliminary conclusions on the optional exemptions permitted by IFRS 1 are as follows:

→ Business combinations: The Company will apply IFRS on a prospective basis to business acquisitions occurring after January 1, 2010,

→ Future employee benefits: The Company will recognize actuarial gains or losses in shareholders' equity on the transition date,

→ Cumulative translation adjustments: These will be reclassified to shareholders' equity on the transition date and will be assumed to be nil,

- → Share-based payment: The Company will apply IFRS requirements prospectively to share options granted after November 7, 2002, with subscription rights acquired after January 1, 2010.

To comply with the compulsory exceptions, the Company must ensure, when using estimates on the transition date, that they adequately reflect existing conditions on the transition dates and that they are consistent with the estimates used to satisfy the requirements of Canadian standards. Accordingly, the designation of hedging relationships will continue to apply.

The Company is currently identifying major differences in the accounting treatments required under IFRS and the Canadian standards currently used. Major changes to accounting policies that will affect the Company's financial statements are presented below. The Company is currently assessing the quantitative impacts that the changes should have on the financial statements on the transition date and will present these later in 2010.

PRESENTATION OF FINANCIAL STATEMENTS → The notes to the financial statements will require additional disclosures.

FUTURE EMPLOYEE BENEFITS → A choice is available for immediate recognition of actuarial gains or losses in other comprehensive income.

IMPAIRMENT OF ASSETS → Impairment testing must be conducted at each unit that generates independent cash inflows (CGU).

BUSINESS COMBINATIONS → Transaction costs and reorganization costs must be expensed immediately.

GAINS FROM SALE-AND-LEASEBACK CONTRACTS → Gains must be recognized immediately in earnings.

PROVISIONS AND CONTINGENT LIABILITIES → The method for assessing whether or not to recognize a contingent liability will be different from the method currently used and could have an impact as to when a provision must be recorded.

The Company will monitor amendments made to IFRS and will assess the effect of these new standards on financial results and on the plan for transition to IFRS. Future management reports will follow up on the project's progress and on recommended changes, if applicable.

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 may take in the future. Actual results may differ if such estimates are 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 their book value. If the book value of a business unit exceeds its fair value, the Company compares the fair value of any goodwill relating to the business unit to its book value. 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 or performance indicator multiplier. Based on the impairment tests performed as at December 31, 2009, and taking into account the various assumptions and estimates, the Company concluded that no goodwill impairment charge was required. To prepare financial statements in accordance with Canadian GAAP, the Company's management must make estimates and draw hypotheses that have an impact on the amounts presented in the financial statements and the attached notes. These estimates are based on Management's knowledge of events under way and of measures the Company could take in the future. Actual results may differ from these estimates, the most important of which are described below.

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, 2009, and taking into account the various assumptions and estimates, the Company concluded that no unamortizable trademark impairment charge was required.

OTHER LONG-TERM ASSETS → Other long-term assets are tested for recoverability when events or changes in circumstances indicate that the book value may not be recoverable. The book value 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 book value 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 treatment different from 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 increases 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 its suppliers that provide for the payment of volume discounts. In exchange, the purchasing agreements between Uni-Select and its Canadian merchants, as well as some of its U.S. clients, also 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 its clients on the basis of market conditions for the products concerned. Uni-Select records merchant discounts as a reduction of sales. The discounts earned from suppliers are recorded as a reduction of cost of sales. Some exceptions apply when the consideration in cash received or to be received is either repayment of additional sales costs paid by the Company or a payment for goods or services provided to the supplier, in which case the rebate is recorded as a reduction in operating expenses. The net discount applicable to a targeted product is deducted from the year-end inventory valuation.

EFFECTIVENESS OF DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS 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 controls over financial reporting for the operations acquired more than 365 days before the end of the period ended December 31, 2009.

DISCLOSURE CONTROLS AND PROCEDURES → Uni-Select has evaluated its disclosure controls and procedures in accordance with the NI 52-109 guidelines. On December 31, 2009, 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 CONTROLS OVER FINANCIAL REPORTING → Uni-Select evaluated the effectiveness of internals control over financial reporting as at December 31, 2009, in accordance with the NI 52-109 guidelines. This evaluation enabled the President and Chief Executive Officer and the Vice President and Chief Financial Officer to conclude that internal controls over financial reporting were designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP. Over the years, a number of compensatory controls have been added to the various automated controls over the systems in place to offset the risks that could be caused by interfaces between systems that are being changed.

In addition, this work enabled management to determine that, during the year ended December 31, 2009, no change to internal controls over financial reporting has occurred that has materially affected, or is reasonably likely to have materially affected, such controls.

FORWARD-LOOKING STATEMENTS

The management report is designed to assist investors in understanding the nature and 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 report and other sections of the 2009 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. Accordingly, 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 fleet 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 on 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

Approved by the Board of Directors on March 30, 2010.

Consolidated financial statements

MANAGEMENT'S REPORT

Relating to the consolidated financial statements

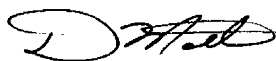
The consolidated financial statements and other financial information included in this annual report are the responsibility of the Company's management. The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and approved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

Richard G. Roy, CA
President and Chief Executive Officer



Denis Mathieu, CA
Vice President and Chief Financial Officer

Boucherville
March 29, 2010

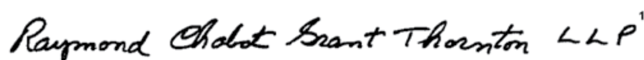
AUDITORS' REPORT

To the Shareholders of
Uni-Select Inc.

We have audited the consolidated balance sheets of Uni-Select Inc. as at December 31, 2009 and 2008 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, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



Montréal
March 29, 2010

[1] Chartered accountant auditor permit no. 10019

Uni-Select Inc.
Consolidated Earnings

Years ended December 31, 2009 and 2008

(In thousands of dollars, except earnings per share)

	2009	2008
	$	$
Sales	**1,409,875**	1,247,552
Earnings before the following items:	**88,806**	91,665
Interest (Note 5)	**8,293**	6,875
Amortization (Note 5)	**13,988**	11,326
	22,281	18,201
Earnings before income taxes and non-controlling interest	**66,525**	73,464
Income taxes (Note 6)		
Current	**12,141**	13,092
Future	**7,731**	10,488
	19,872	23,580
Earnings before non-controlling interest	**46,653**	49,884
Non-controlling interest	**3,303**	3,502
Earnings from continuing operations	**43,350**	46,382
Loss from discontinued operations (Note 11)	**(4,780)**	(462)
Net earnings	**38,570**	45,920
Basic and diluted earnings per share (Note 7)		
From continuing operations	**2.20**	2.35
From discontinued operations	**(0.24)**	(0.02)
Net income	**1.96**	2.33

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, 2009 and 2008

(In thousands of dollars)

	2009	2008
	$	$
CONSOLIDATED COMPREHENSIVE INCOME		
Net earnings	**38,570**	45,920
Other comprehensive income		
Unrealized losses on derivative financial instruments designated as cash flow hedges (net of income taxes of $61 ($2,900 in 2008))	**(109)**	(6,221)
Reclassification of realized losses to net earnings on derivative financial instruments designated as cash flow hedges (net of income taxes of $1,300 ($159 in 2008))	**2,308**	342
Unrealized exchange gain (loss) on translation of long-term debt designated as a hedge of net investments in self-sustaining foreign subsidiairies	**7,626**	(2,717)
Unrealized exchange gains (losses) on translating financial statements of self-sustaining foreign subsdiaries	**(39,434)**	40,002
Other comprehensive income	**(29,609)**	31,406
Comprehensive income	**8,961**	77,326
CONSOLIDATED RETAINED EARNINGS		
Balance, beginning of year	**324,241**	287,712
Net earnings	**38,570**	45,920
	362,811	333,632
Share redemption premium		903
Dividends	**9,186**	8,488
Balance, end of year	**353,625**	324,241

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

Uni-Select Inc.
Consolidated Cash Flows
Years ended December 31, 2009 and 2008

(In thousands of dollars)

	2009	2008
	$	$
OPERATING ACTIVITIES		
Earnings from continuing operations	**43,350**	46,382
Non-cash items		
Amortization	**13,988**	11,326
Amortization of deferred gain on a sale-leaseback arrangement	**(221)**	(258)
Future income taxes	**7,731**	10,488
Compensation cost relating to stock option plans	**128**	227
Pension expense in excess of contributions	**787**	226
Non-controlling interest	**3,303**	3,502
	69,066	71,893
Changes in working capital items (Note 8)	**851**	32,943
Cash flows from continuing operating activities	**69,917**	104,836
Cash flows from discontinued operating activities	**(7,578)**	569
Cash flows from operating activities	**62,339**	105,405
INVESTING ACTIVITIES		
Business acquisitions (Note 9)	**(1,143)**	(119,878)
Disposal of assets (Note 10)	**4,162**	
Balance of purchase price	**(716)**	259
Buy-back of non-controlling interest (Note 9)	**(46,209)**	
Investments	**356**	(1,787)
Advances to merchant members	**(8,585)**	(4,822)
Receipts on advances to merchant members	**4,232**	4,715
Fixed assets	**(10,345)**	(10,533)
Disposal of fixed assets	**1,245**	671
Intangible assets	**(8,818)**	(3,766)
Cash flows from continuing investing activities	**(65,821)**	(135,141)
Cash flows from discontinued investing activities	**27,317**	562
Cash flows from investing activities	**(38,504)**	(134,579)
FINANCING ACTIVITIES		
Bank indebtedness	**(2,891)**	(37,035)
Financing costs	**(110)**	(414)
Long-term debt	**1,117**	85,114
Repayment of long-term debt	**(1,672)**	(2,016)
Merchant members' deposits in guarantee fund	**(465)**	174
Issuance of shares	**314**	88
Share redemption		(1,025)
Dividends paid	**(9,006)**	(8,492)
Cash flows from continuing financing activities	**(12,713)**	36,394
Effect of exchange rate changes on cash	**(4,954)**	1,863
Increase in cash	**6,168**	9,083
Cash, beginning of year	**9,682**	599
Cash, end of year	**15,850**	9,682

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

Uni-Select Inc.
Consolidated Balance Sheets

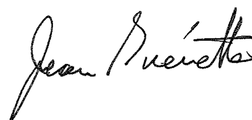
December 31, 2009 and 2008

(In thousands of dollars)

	2009	2008
	$	$
ASSETS		
Current assets		
Cash	**15,850**	9,682
Accounts receivable (Note 12)	**150,440**	180,308
Income taxes receivable	**3,859**	9,051
Inventory (Note 13)	**402,550**	482,340
Prepaid expenses	**6,914**	6,742
Future income taxes (Note 6)	**10,065**	10,172
Assets from discontinued operations (Note 11)	**3,777**	
	593,455	698,295
Investments and volume discounts receivable, at cost (Note 14)	**16,831**	8,710
Fixed assets (Note 15)	**39,660**	45,963
Financing costs	**555**	785
Intangible assets (Note 16)	**27,836**	17,123
Goodwill (Note 17)	**93,961**	99,501
Future income taxes (Note 6)	**3,359**	3,707
	775,657	874,084
LIABILITIES		
Current liabilities		
Bank indebtedness (Note 18)	**44**	
Accounts payable (Note 19)	**181,773**	212,581
Dividends payable	**2,298**	2,118
Instalments on long-term debt and on merchant members' deposits in guarantee fund (Notes 20 and 21)	**402**	327
Future income taxes (Note 6)	**11,192**	5,676
Liabilities from discontinued operations (Note 11)	**2,384**	
	198,093	220,702
Deferred gain on a sale-leaseback arrangement	**2,036**	2,641
Long-term debt (Note 20)	**178,866**	209,907
Merchant members' deposits in guarantee fund (Note 21)	**7,288**	7,724
Derivative financial instruments (Note 28)	**5,182**	8,620
Future income taxes (Note 6)	**7,821**	5,013
Non-controlling interest	**3,453**	46,776
	402,739	501,383
SHAREHOLDERS' EQUITY		
Capital stock (Note 22)	**50,152**	49,838
Contributed surplus	**355**	227
Retained earnings	**353,625**	324,241
Accumulated other comprehensive income (Note 23)	**(31,214)**	(1,605)
	372,918	372,701
	775,657	874,084

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

ACCOUNTING CHANGES FOR 2009

Goodwill and intangible assets

On January 1, 2009, 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 3064, "Goodwill and intangible assets". This Section establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets, after the initial recognition. The adoption of these recommendations resulted in the reclassification of the software from fixed assets to intangible assets. As at December 31, 2008, the impact of the reclassification on net carrying amounts is an increase in intangible assets and a corresponding decrease in fixed assets of $8,976 and a reclassification of the acquisitions of fixed assets and the development of intangible assets in the consolidated cash flow.

Credit risk and fair value of financial assets and financial liabilities

On January 1, 2009, the Company adopted the recommendations of EIC-173 of the CICA Handbook , "Credit risk and fair value of financial assets and financial liabilities". This abstract notes that the credit risk specific to the entity and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivatives.

The adoption of these recommendations is applied retrospectively without restatement of consolidated financial statements of prior periods. On January 1, 2009, taking into account credit risk in the evaluation of derivative financial instruments did not have significant effect on consolidated results.

Financial instruments - Disclosures

In June 2009, the Accounting Standard Board issued changes in CICA Handbook Section 3862, "Financial instruments - Disclosures" in order to align with International Financial Reporting Standard IFRS 7, "Financial instruments - Disclosures". This Section has been amended to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure (Note 28). The amendments establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The amended Section relates to disclosure only and did not impact the consolidated results.

FUTURE ACCOUNTING CHANGES

Business combinations

In January 2009, the CICA issued Section 1582, Business Combinations, which supersedes the like-named Section 1581. This Section applies prospectively to business combinations for which the date of acquisition is in fiscal years beginning on or after January 1, 2011. The Section establishes standards for the recognition of a business combination. The Company will analyze the effects of the adoption of this Section together with the analysis of the International Financial Reporting Standards.

Uni-Select Inc.
Notes to Consolidated Financial Statements

December 31, 2009 and 2008

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

2 - ACCOUNTING CHANGES (Continued)

Consolidated financial statements

In January 2009, the CICA issued Section 1601, Consolidated Financial Statements, which supersedes the like-named Section 1600. This Section applies to interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Section establishes standards for the preparation of consolidated financial statements. The Company will analyze the effects of the adoption of this Section together with the analysis of the International Financial Reporting Standards.

Non-controlling interests

In January 2009, the CICA issued Section 1602, Non-controlling Interests, which supersedes Section 1600, Consolidated financial statements. This Section applies to interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Section establishes standards for the accounting of non-controlling interests in a subsidiary in the consolidated financial statements subsequent to a business combination. The Company will analyze the effects of the adoption of this Section together with the analysis of the International Financial Reporting Standards.

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, goodwill and intangible assets, employees future benefits accounting, 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.

Sales recognition

The Company recognizes sales upon shipment of goods, net of right of return provisions and guarantees and other 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 on sale of goods and certain guarantees . At the time of sales recognition, the Company records provisions for the right of return and guarantees which are 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.

3 - ACCOUNTING POLICIES (Continued)

Self-insurance

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

Vendor rebates

The Company records cash considerations received or receivable 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 such items are recognized in the consolidated statements of earnings and consolidated balance sheets. Certain exceptions apply when the cash consideration received or receivable is considered either a reimbursement of additionnal selling costs incurred by the Company or a payment for goods or services provided 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 following methods, annual rates and periods:

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

Intangible assets are amortized over their estimated useful lives according to the following methods, annual rates and periods:

	Methods	Rates and periods
Customer relationships	Straight-line	16 and 20 years
Covenants not to compete	Straight-line	4 years
Software	Straight-line and diminishing balance	14.3%, 20% and 30%

Financing costs

Costs relating to the financing structure and a 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.

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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 such 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 earnings for an amount equal to the excess. The fair value of the reporting unit is mainly calculated based on evaluations of discounted cash flows or on a performance indicator multiple.

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 amount. 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 are translated at the exchange rate in effect at year-ends 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 exchange gains or losses on translation of the long-term debt designated as a hedge of net investments in self-sustaining foreign subsidiaries, which are included in other comprehensive income and are transfered to earnings only when a reduction in the net investment in these foreign subsidiaries is realized.

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 cumulative other comprenhensive income and are transferred in earnings only when a reduction in the net investment in these foreign subsidiaries is realized.

The weighted average exchange rate for the earnings for the year is 1.14 for 2009 (1.07 in 2008). Assets and liabilities of the self-sustaining U.S. subsidiaries are translated at a rate of 1.05 (1.22 in 2008).

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 increases and the retirement ages of employees;

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

– 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 the actual long-term rate of return on plans assets for a period and the expected long-term rate of return on plan assets for that period or from changes in actuarial assumptions used to determine the accrued benefit obligation. The 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 is classified as financial assets held for trading. They are measured at fair value and fair value variations are recorded in net earnings;

– Accounts receivable and 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 receivable are recorded at cost, which is, when initially recorded, equal their fair value. Subsequent valuations are recorded at amortized cost using the effective interest rate method net of any 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 other comprehensive income net of income taxes, to the extent effective. Any ineffectiveness is recognized in net earnings.

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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 use financial instruments for trading or speculative purposes.

The Company's policy is to formally designate each derivative financial instrument as cash flow 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 for the entire term to maturity, the notional principal amount and the interest rate basis in the instruments all match the terms of the debt instrument being hedged.

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 borrowing cost. The interest rate swap agreements involve the periodic exchange of interest payments without the exchange of the notional principal amount upon which the payments are based, and are recorded as an adjustment of 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 the Black & Scholes option 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 common share cost is calculated by dividing net earnings available for common shareholders by the weighted average number of common shares outstanding during the years. 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:

	2009	2008
	$	$
Current assets	**5,848**	21,443
Long-term assets	**1,540**	4,751
Current liabilities	**2,200**	11,947
Long-term liabilities	**508**	1,098
Sales	**37,740**	51,756
Earnings before interest, amortization, income taxes and non-controlling interest	**1,397**	1,337
Net earnings	**812**	646
Cash flows from operating activities	**(1,165)**	3,098
Cash flows from investing activities	**(438)**	(381)
Cash flows from financing activities	**1,580**	(1,967)

The Company's sales include sales to joint ventures in the amount of $17,086 in 2009 and $20,206 in 2008.

The Company's share of its joint ventures' commitments represents $991 in 2009 and $2,641 in 2008.

5 - INFORMATION INCLUDED IN CONSOLIDATED EARNINGS

	2009	2008
	$	$
Other financial liabilities		
Interest on bank indebtedness	**844**	1,548
Interest on long-term debt	**7,658**	5,582
Interest on merchant members' deposits in guarantee fund	**118**	305
	8,620	7,435
Held-for-trading financial assets		
Interest income on cash	**(6)**	(68)
Loans and receivables		
Interest income from merchant members	**(321)**	(492)
	(327)	(560)
	8,293	6,875
Amortization		
Amortization of fixed assets	**11,125**	9,078
Amortization of intangible assets and other assets	**2,863**	2,248
	13,988	11,326

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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:

	2009	2008
	%	%
Federal statutory rate	**19.00**	19.50
Provinces' statutory tax rates	**11.86**	11.72
Various tax rates applied in tax jurisdictions of foreign operations	**4.33**	3.73
Combined statutory rate of the Company	**35.19**	34.95
Tax benefit from a financing structure	**(3.72)**	(2.17)
Non-deductible tax expenses	**0.35**	0.32
Earnings taxable at lower rates in future years	**(0.56)**	
Recognition of previously unrecorded tax benefits	**(0.84)**	(0.47)
Other	**(0.55)**	(0.53)
	29.87	32.10

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

	2009	2008
	$	$
Future income tax assets		
Current		
Non-capital loss carry forwards	**2,597**	1,712
Allowances deductible during the coming year	**7,404**	8,449
Other	**64**	11
	10,065	10,172
Long-term		
Fixed assets	**11**	46
Pension plan allowance	**1,249**	1,167
Allowance for performance incentives	**412**	488
Deferred gain on a sale-leaseback arrangement	**858**	1,012
Other	**829**	994
	3,359	3,707

	2009	2008
	$	$
Future income tax liabilities		
Current		
Taxable income during the coming year	**11,192**	5,676
Long-term		
Fixed assets	**4,121**	2,671
Prepaid pension plan contributions	**144**	186
Financing costs	**94**	36
Goodwill	**3,126**	2,069
Other	**336**	51
	7,821	5,013

7 - EARNINGS PER SHARE

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

	2009	2008
	$	$
Basic and diluted		
Earnings from		
Continuing operations	**43,350**	46,382
Discontinued operations	**(4,780)**	(462)
Net earnings	**38,570**	45,920
Weighted average number of outstanding shares considered for basic earnings per share	**19,709,642**	19,724,417
Impact of stock option exercise	**13,215**	19,268
Adjusted weighted average number of outstanding shares considered for diluted earnings per share	**19,722,857**	19,743,685
Basic and diluted earnings per shares from		
Continuing operations	**2.20**	2.35
Discontinued operations	**(0.24)**	(0.02)
Basic and diluted earnings per share	**1.96**	2.33

8 - INFORMATION INCLUDED IN CONSOLIDATED CASH FLOWS

The changes in working capital items are detailed as follows:

	2009	2008
	$	$
Accounts receivable	**7,241**	8,158
Income taxes receivable	**2,940**	(6,691)
Inventory	**11,450**	(12,614)
Prepaid expenses	**(1,720)**	(983)
Accounts payable	**(19,060)**	45,073
	851	32,943

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

	2009	2008
	$	$
Interest paid	**8,813**	7,723
Income taxes paid	**7,219**	21,133

9 - BUSINESS ACQUISITIONS

2009

The Company acquired a portion of the assets and liabilities of two companies operating in the Automotive USA segment for cash consideration of $352.

In addition, the Company increased its interest by 5.77% in its joint venture, Uni-Select Pacific Inc. for a cash consideration of $791. Following this transaction, the Company's interest in the entity increased from 69.23% to 75% changing the joint venture interest into an investment in a subsidiary. The consideration paid for this transaction was based on the carrying amount as stated in the shareholders' agreement.

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9 - BUSINESS ACQUISITIONS (Continued)

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

The Company completed the purchase price allocation of one of its 2008 acquisitions in the Automotive Canada segment, resulting in a goodwill increase of $1,467 as well as corresponding liabilities.

In addition, the Company acquired the entire non-controlling interest in its main U.S. subsidiary for a cash consideration of $46,209, including a goodwill of $1,975.

2008

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

In addition, the Company increased its interest by 3.85% in its joint venture, Uni-Select Pacific Inc. Following this transaction, the Company's interest in the joint venture increased from 65.38% to 69.23%. Consideration paid for this transaction was based on the carrying amount as stated in the sharholders' agreement.

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

Taking into account acquisition costs of $361, the 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 reduces the deductible portion of goodwill for tax purposes.

10 - DISPOSAL OF ASSETS

In 2009, the Company sold in several transactions some of the assets and liabilities of thirteen stores and the shares of one store in the Automotive Canada segment. The assets have been sold for an amount of $9,901 for a cash consideration of $6,294, of which $2,132 is receivable and a non-cash consideration of $3,607.

11 - DISCONTINUED OPERATIONS

The Company has proceeded to the disposal of certain assets and liabilities of its Palmar Inc. subsidiary, which constituted all of the Heavy Duty Canada segment.

Pursuant to Section 3475 of CICA Handbook, titled "Disposal of Long-Lived Assets and Discontinued Operations", the group's operating results and loss from discontinued operations have been reclassified and presented in the consolidated statement of earnings under "Loss from discontinued operations" for the 2009 and 2008 periods while the assets and liabilities of Palmar Inc. as of December 31, 2009 have been reclassified and presented in the consolidated balance sheet under "Assets or liabilities from discontinued operations".

The selling price was allocated as follows:

	$
Current assets	27,200
Fixed assets	328
Current liabilities	(390)
Net assets sold	27,138
Cash disposed	(5)
Consideration received	27,143

The following table provides the discontinued operations results for the years ended December 31, 2009 and 2008:

	2009	2008
	$	$
Sales	**30,985**	69,378
Earnings (loss) before the following items:	**(2,684)**	824
Interests	**128**	1,132
Amortization	**171**	289
	299	1,421
Loss before non-recurring items and income taxes	**(2,983)**	(597)
Non-recurring items [(1)]	**(4,231)**	
Loss before income taxes	**(7,214)**	(597)
Income taxes	**(2,434)**	(135)
Loss from discontinued operations	**(4,780)**	(462)

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11 - DISCONTINUED OPERATIONS (Continued)

The following table provides the assets and liabilities from discontinued operations as of December 31, 2009:

	$
Assets	
Cash	671
Accounts receivable	646
Income taxes receivable	68
Future income taxes	2,392
Assets from discontinued operations	3,777
Liabilities	
Accounts payable [(1)]	2,384
Liabilities from discontinued operations	2,384

(1) Non-recurring items and accounts payable are essentially related to severances and future rent for closed locations.

12 - ACCOUNTS RECEIVABLE

	2009	2008
	$	$
Trade accounts	**145,188**	175,654
Balance of selling price, interest rates varying between 0% and prime rate plus 4%	**2,074**	
Current portion of investments	**3,178**	4,654
	150,440	180,308

13- STOCK

The cost of inventory recognized as an expense is $1,007,726 for the year ended December 31, 2009 ($877,849 in 2008).

14 - INVESTMENTS AND VOLUME DISCOUNTS RECEIVABLE

	2009	2008
	$	$
Preferred shares, interest rates varying between prime rate plus 1% and 12.25%, receivable in monthly instalments, maturing on various dates until 2018	**1,763**	1,576
Shares of companies and advances to merchant members, interest rates varying between 0% and 12.62% (0% and 10% in 2008), receivable in monthly instalments, maturing on various dates until 2018	**18,246**	10,598
Volume discounts receivable		1,190
	20,009	13,364
Current portion	**3,178**	4,654
	16,831	8,710

15 - FIXED ASSETS

			2009
	Cost	**Accumulated amortization**	**Net**
	$	**$**	**$**
Land and paving	**1,278**	**274**	**1,004**
Buildings	**12,853**	**6,661**	**6,192**
Furniture and equipment	**32,892**	**22,341**	**10,551**
Computer equipment and system software	**31,542**	**19,080**	**12,462**
Automotive equipment	**13,799**	**8,141**	**5,658**
Leasehold improvements	**8,526**	**4,733**	**3,793**
	100,890	**61,230**	**39,660**

			2008
	Cost	Accumulated amortization	Net
	$	$	$
Land and paving	1,327	290	1,037
Buildings	12,367	6,413	5,954
Furniture and equipment	35,977	22,812	13,165
Computer equipment and system software	30,358	18,277	12,081
Automotive equipment	15,802	7,505	8,297
Leasehold improvements	10,212	4,783	5,429
	106,043	60,080	45,963

16 - INTANGIBLE ASSETS

			2009
	Cost	**Accumulated amortization**	**Net**
	$	**$**	**$**
Trademark	**785**		**785**
Customer relationships	**6,100**	**457**	**5,643**
Covenants not to compete	**654**	**602**	**52**
Software [1]	**31,253**	**9,897**	**21,356**
	38,792	**10,956**	**27,836**

			2008
	Cost	Accumulated amortization	Net
	$	$	$
Trademark	919		919
Customer relationships	6,866	100	6,766
Covenants not to compete	765	548	217
Software [1]	17,057	7,836	9,221
	25,607	8,484	17,123

[1] In 2009, software includes the capitalized portion ($12,293) of fees related to the acquisition and internal development of an enterprise resources planning software which will be completed over the next few years. This software will be amortized when put in service for financial functions and over a 2-year period for operating functions.

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17 - GOODWILL

			2009
	Automotive USA	**Automotive Canada**	**Consolidated**
	$	**$**	**$**
Balance, beginning of year	**59,891**	**39,610**	**99,501**
Change from a joint venture interest to subsidiary investment (Note 9)		**654**	**654**
Business acquisitions (Note 9)	**23**	**1,670**	**1,693**
Disposal of assets (Note 10)		**(1,100)**	**(1,100)**
Buy-back of non-controlling interest (Note 9)	**1,975**		**1,975**
Currency translation adjustment	**(8,762)**		**(8,762)**
Balance, end of year	**53,127**	**40,834**	**93,961**

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

18 - CREDIT FACILITIES

Parent company and certain of its subsidiaries

The Company has two credit facilities for a total amount of $337,000. The first credit facility, for an amount of $325,000 ($325,000 in 2008), is held by the parent company and the second, for an amount of $12,000, is held by a subsidiary originaly considered a joint venture. The first credit facility is composed of a revolving credit of $235,000 ($235,000 in 2008) renewable annually until maturity in October 2011. This credit facility also includes a $90,000 ($90,000 in 2008) operating credit maturing in October 2010 which is also used for the issuance of letters of guarantee. As at December 31, 2009, the issued letters of guarantee totalled $7,399 ($6,515 in 2008). The $325,000 credit facility can be drawn either in Canadian dollars or in U.S. dollars. The second facility of $12,000 is an operating credit redeemable on demand. It is secured by the assets of the subsidiary with a book value of $31,478. This second facility can only be drawn in Canadian 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, 2009, interest rates vary between 1.2% and 5.25 % (1.4% and 3.75% in 2008).

Joint ventures

The authorized lines of credit amount to $1,200 ($11,238 in 2008). The bank indebtedness bears interest at variable rates and is renewable on various dates annually. As at December 31, 2009, the interest rates vary between 2.5% and 2.75 % (1.4% and 3.5% in 2008).

19 - ACCOUNTS PAYABLE

	2009	2008
	$	$
Accounts payable and accrued liabilities	**181,773**	211,850
Balances of purchase prices, prime rate		731
	181,773	212,581

20 - LONG-TERM DEBT

	Current portion	2009	2008
	$	**$**	$
Revolving credit drawn in U.S. dollars ($170,800 US in 2009 and 2008), average variable rate of 2.32% (4.23% in 2008) designated as a hedge of net investments in self-sustaining foreign subsidiaries in 2009 (Note 18)		**178,759**	209,162
Notes payable, unsecured, 0% to 13.9%, payable in monthly instalments, maturing on various dates until 2010	**40**	**40**	301
Mortgage loans, secured by a building with a book value of $461, prime rate plus 1% (3.25%), payable in monthly instalments, maturing on various dates until 2013	**24**	**79**	106
Bank loan, secured by accounts receivable, inventory and equipment, prime rate plus 0.5% (2.75%), payable in monthly instalments, maturing in July 2011	**50**	**83**	301
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	**17**	**36**	81
		178,997	210,026
Instalments due within one year	**131**	**131**	119
		178,866	209,907

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

	Obligations under capital leases	Other loans
	$	$
2010	17	114
2011	10	178,811
2012	5	20
2013	5	15
2014 and following		
Total minimum lease payments	37	
Financing expenses included in minimum lease payments	1	
	36	

21 - MERCHANT MEMBERS' DEPOSITS IN GUARANTEE FUND

	2009	2008
	$	$
Merchant members' deposits in guarantee fund	**7,559**	7,932
Instalments due within one year	**271**	208
	7,288	7,724

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 their prior year's purchases. Deposits bear interest at prime rate less1% (1.25%) (2.5% in 2008).

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22 - CAPITAL STOCK

Authorized

Unlimited number of shares

Preferred shares, issuable in series

Common shares

	2009	2008
	$	$
Issued and fully paid		
Balance, beginning of year: 19,694,358 common shares (19,736,558 in 2008)	**49,838**	49,872
Issuance of 21,999 common shares on the exercise of stock options (6,000 in 2008)	**314**	88
Common shares redemption [1]		(122)
Balance, end of year: 19,716,357 common shares (19,694,358 in 2008)	**50,152**	49,838

[1] In 2008, 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

Options which allow shares acquisition may be exercised 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, 1,190,754 common shares (1,168,755 in 2008) have already been issued.

The Company has already repurchased 555,591 options. As at December 31, 2009, 113,055 common shares (135,054 in 2008) are reserved for additionnal option grant for this plan.

A summary of the status of the Company's stock option plan as at December 31, 2009 and 2008 and changes during the years ended on those dates is presented below :

		2009		2008
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of year	**95,928**	**23.42**	51,928	14.72
Granted			50,000	31.42
Exercised	**(21,999)**	**14.25**	(6,000)	14.75
Outstanding, end of year	**73,929**	**26.15**	95,928	23.42
Exercisable, end of year	**43,929**	**22.55**	55,928	17.70

As at December 31, 2009, the outstanding stock options in a range of exercise prices from $15.05 to $31.42 have a weighted average remaining contractual life of 6.05 years. The stock options exercisable in a range of exercise prices from $15.05 to $31.42 have a weighted average remaining contractual life of 4.72 years.

A compensation expense of $128 was recorded for the year ended December 31, 2009 ($227 for the year ended December 31, 2008) in the consolidated earnings with the corresponding amount in the contributed surplus.

22 - CAPITAL STOCK (Continued)

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

	2009	2008
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.

23 - ACCUMULATED OTHER COMPREHENSIVE INCOME

	2009	2008
	$	$
Balance, beginning of year	**(1,605)**	(33,011)
Other comprehensive income for the years	**(29,609)**	31,406
Balance, end of year	**(31,214)**	(1,605)

The components of other accumulated comprehensive income as at December 31, are as follows:

Accumulated currency translation adjustments	**(27,535)**	4,274
Cumulative changes in fair value of derivatives used as a hedge (net of future income taxes of $1,503 ($2,741 in 2008))	**(3,679)**	(5,879)
	(31,214)	(1,605)

24 - EMPLOYEE FUTURE BENEFITS

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 $1,438 ($1,359 in 2008).

Total cash payments for employee future benefits for 2009, 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 $3,286 ($3,857 in 2008).

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. 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 accrued benefit obligation of the other pension plan is revaluated annually.

Uni-Select Inc.
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24 - EMPLOYEE FUTURE BENEFITS (Continued)

Information regarding the combined defined benefit plans is as follows:

	2009		2008	
	Pension plans	**Other pension plan**	Pension plans	Other pension plan
	$	**$**	$	$
Accrued benefit obligations				
Balance, beginning of year	**18,622**	**4,702**	21,493	4,810
Business acquisitions (Note 9)	**466**		65	
Current service cost	**1,068**	**229**	1,553	265
Employee contributions	**905**		742	
Interest cost	**1,489**	**347**	1,277	271
Benefits paid	**(979)**	**(281)**	(1,163)	(277)
Actuarial losses (gains)	**2,501**	**458**	(5,345)	(367)
Balance, end of year	**24,072**	**5,455**	18,622	4,702

	2009		2008	
	Pension plans	**Other pension plan**	Pension plans	Other pension plan
	$	**$**	$	$
Plan assets				
Fair value, beginning of year	**14,339**		16,747	
Business acquisitions (Note 9)	**429**		59	
Actual return on plan assets	**2,314**		(4,267)	
Employer contributions	**1,567**		2,221	
Employee contributions	**905**		742	
Benefits paid	**(979)**		(1,163)	
Fair value, end of year	**18,575**	**–**	14,339	–

	2009	2008
	Pension plans	Pension plans
	%	%
Components of plan assets		
Equity securities	**76.0**	74.0
Debt securities	**24.0**	26.0
	100.0	100.0

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

	2009		2008	
	Pension plans	**Other pension plan**	Pension plans	Other pension plan
	$	**$**	$	$
Funded status - deficit	**(5,497)**	**(5,455)**	(4,283)	(4,702)
Unamortized past service costs	**481**	**(3)**	531	(6)
Unamortized actuarial losses	**5,523**	**869**	4,450	412
Accrued benefit asset (liability)	**507**	**(4,589)**	698	(4,296)

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

24 - EMPLOYEE FUTURE BENEFITS (Continued)

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

	2009		2008	
	Pension plans	**Other pension plan**	Pension plans	Other pension plan
	$	**$**	$	$
Current service cost	**1,068**	**229**	1,553	265
Interest cost	**1,489**	**347**	1,277	271
Actual return on plan assets	**(2,314)**		4,267	
Actuarial losses (gains)	**2,501**	**458**	(5,345)	(367)
Elements of employee future benefit costs before adjustments to recognize the long-term nature of employee future benefit costs	**2,744**	**1,034**	1,752	169
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	**1,189**		(5,548)	
Difference between actuarial loss recognized for the years and actual actuarial loss on accrued benefit obligation for the years	**(2,229)**	**(458)**	5,585	417
Amortization of past service costs	**77**	**(3)**	75	(3)
Defined benefit plans costs recognized	**1,781**	**573**	1,864	583

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

	2009		2008	
	Pension plans	**Other pension plan**	Pension plans	Other pension plan
	%	**%**	%	%
Accrued benefit obligations as of December 31				
Discount rate	**6.40**	**6.40**	7.25	7.25
Rate of compensation increase	**4.00**	**4.00**	4.00	4.00
Benefit costs for years ended December 31				
Discount rate	**7.25**	**7.25**	5.50	5.50
Expected long-term rate of return on plan assets	**7.25**	**7.25**	7.25	7.25
Rate of compensation increase	**4.00**	**4.00**	4.00	4.00

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25 - COMMITMENTS

The Company has entered into long-term lease agreements expiring at various dates until 2021 which call for lease payments of $85,573 for the rental of buildings, vehicles and outsourcing of information technology services. Minimum lease payments for the next five years are $24,067 in 2010, $19,353 in 2011, $15,788 in 2012, $10,068 in 2013 and $6,168 in 2014. Some of these lease agreements contain renewal options for additional periods of one to five years which the Company may exercise by giving prior notice.

26 - 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 of the inventories for a maximum amount of $64,269 ($65,525 in 2008). In the event of legal 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 greater than the Company's commitments.

27 - 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) debt on total net debt plus equity ratio less than 45%;
- Maintain a long-term debt on equity ratio less than 125%;
- Provide shareholders with growth in 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.

The Company manages its 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 addition, the Company has put in place a vendor financing program under which payments to certain suppliers are deferred.

The Company assesses its capital management 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.

27 - CAPITAL MANAGEMENT (Continued)

The following table shows the different indicators used by the Company:

	2009	2008
Total net debt on total net debt plus equity ratio [1]	**31.4%**	35.8%
Long-term debt on equity ratio [1]	**50.0%**	58.4%
Return on shareholders' equity ratio [2]	**10.3%**	13.6%
Funded debt on EBITDA ratio [1] [3]	**1.92**	2.27

(1) The decrease in debt ratios comes mainly from the fluctuation of foreign exchange rates.

(2) Excluding loss from discontinued operations, the ratio would have been 11.6% (13.7% in 2008) for return on shareholders' equity.

(3) Considering EBITDA from discontinued operations, the ratio would have been of 2.09 (2.25 in 2008).

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, 2009 and December 31, 2008.

28 - 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:

		2009		2008
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$	$	$	$
Financial assets				
Held-for-trading financial assets				
Cash	**15,850**	**15,850**	9,682	9,682
Loans and receivables				
Accounts receivable	**147,262**	**147,262**	175,654	175,654
Investments and volume discounts receivable	**20,009**	**(1)**	13,364	(1)
	183,121		198,700	
Financial liabilities				
Other financial liabilities				
Accounts payable	**181,773**	**181,773**	212,581	212,581
Dividends payable	**2,298**	**2,298**	2,118	2,118
Long-term debt	**178,997**	**172,329**	210,026	198,513
Merchant members' deposits in guarantee fund	**7,559**	**(1)**	7,932	(1)
Derivative financial instrument	**5,182**	**5,182**	8,620	8,620
	375,809		441,277	

(1) The fair value of investments in shares could not be determined given that the shares are not publicly traded.
Substantially all advances and guarantee deposits result from transactions with merchant members. The fair value could not be 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 accounts receivable, volume discounts receivable, accounts payable and dividends payable approximate their carrying amount given the short-term nature of the instruments.

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28 - FINANCIAL INSTRUMENTS (Continued)

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.

Derivative financial instruments

In 2008, the Company entered into agreements to swap the variable interest rates related to the revolving credit (Note 18) 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 as determined by the Company and represents an amount payable by the Company of $5,182 ($8,620 in 2008).

The fair value of derivative financial instruments, as set out above, was determined using level 2 from the fair value hierarchy.

Management of risks arising from financial instruments

In the normal course of business, the Company is exposed to risks that arise from financial statements primarily consisting of credit risk, liquidity risk, foreign exchange risk and interest rate risk. The Company manages these risk exposures on a ongoing basis.

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, 2009 represents the carrying amount of cash and 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 condition 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. Over the past few years, no significant amount has had any negative impact on the Company's earnings, as proven by the average bad debt on sales rate of 0.1% for the last three years.

As at December 31, 2009, past-due accounts receivable represent $8,686 ($8,222 in 2008) and an allowance for doubtful accounts of $3,912 ($5,538 in 2008) is provided.

28 - FINANCIAL INSTRUMENTS (Continued)

Allowance for doubtful accounts and past due accounts receivable are reviewed at least quarterly and a bad-debt expense is recognized only for accounts receivable for which collection is uncertain. The following table shows changes in the allowance for doubtful accounts:

	2009	2008
	$	$
Balance at December 31, 2008	**5,538**	5,406
Currency translation adjustment	**(683)**	532
Bad-debt expense	**1,435**	1,732
Write-offs	**(1,770)**	(2,004)
Amounts recovered	**(608)**	(128)
Balance at December 31, 2009	**3,912**	5,538

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 and cash forecasts to ensure that it has sufficient funds to meet its obligations.

The Company has a renewable credit facility in the amount of $337,000 (Note 18). As at December 31, 2009, the Company benefits from an unused credit facility of approximately $175,000.

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

The following table summarizes the contractual maturities of the financial liabilities as at December 31, 2009:

Financial liabilities	Maturing under 1 year	1 to 3 years	Over 3 years	Total
Bank indebtedness	44			44
Accounts payable	181,773			181,773
Dividends payable	2,298			2,298
Liabilities from discontinued operations	2,384			2,384
Long-term debt	131	178,846	20	178,997
Interests	3,517	2,980		6,497
Merchant members' deposits in guarantee fund	271		7,288	7,559
Derivative financial instruments	2,388	3,265		5,653
	192,806	185,091	7,308	385,205

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 by canadian entities. Management considers that fluctuations in the U.S. dollar versus the Canadian dollar will have a minimal impact on net earnings.

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28 - FINANCIAL INSTRUMENTS (Continued)

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, 2009, the fixed rate portion of financial debt represents 70% of the total, while the variable rate portion represents 30%.

A 25-basis-point rise or fall in interest rates, assuming that all other variables remain the same, would have resulted in a $377 decrease or increase in the Company's net earnings for the year ended December 31, 2009 whereas other comprehensive income would have resulted in a $770 increase or decrease.

29 - 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.

			2009
	Automotive USA	**Automotive Canada**	**Consolidated**
	$	**$**	**$**
Sales	**884,182**	**525,693**	**1,409,875**
Earnings before interest, amortization, income taxes and non-controlling interest	**41,275**	**47,531**	**88,806**
Assets [(1)]	**474,261**	**297,619**	**771,880**
Acquisition of fixed assets	**8,591**	**1,939**	**10,530**
Acquisition of intangible assets	**4,569**	**4,249**	**8,818**
Acquisition of goodwill	**1,998**	**1,670**	**3,668**

			2008
	Automotive USA	Automotive Canada	Consolidated
	$	$	$
Sales	718,132	529,420	1,247,552
Earnings before interest, amortization, income taxes and non-controlling interest	46,671	44,994	91,665
Assets [(1)]	598,629	243,257	841,886
Acquisition of fixed assets	13,873	2,452	16,325
Acquisition of intangible assets	5,561	5,366	10,927
Acquisition of goodwill	14,754	9,461	24,215

[(1)] Assets presented in the consolidated balance sheet include an amount of $3,777 ($32,198 in 2008) from discontinued operations.

The Automotive USA segment includes fixed assets for an amount of $24,261 ($28,658 in 2008), intangible assets for an amount of $12,780 ($6,712 in 2008) and goodwill for an amount of $53,126 ($59,891 in 2008).

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REGISTRAR AND TRANSFER AGENT
Computershare

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ANNUAL INFORMATION FORM
The Annual Information Form for the year ended December 31, 2009 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 14, 2010, at 1:30 at the Montreal Museum of Fine Arts

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Printed in Canada