FAST-FORWARD PERFORMANCE

ANNUAL REPORT

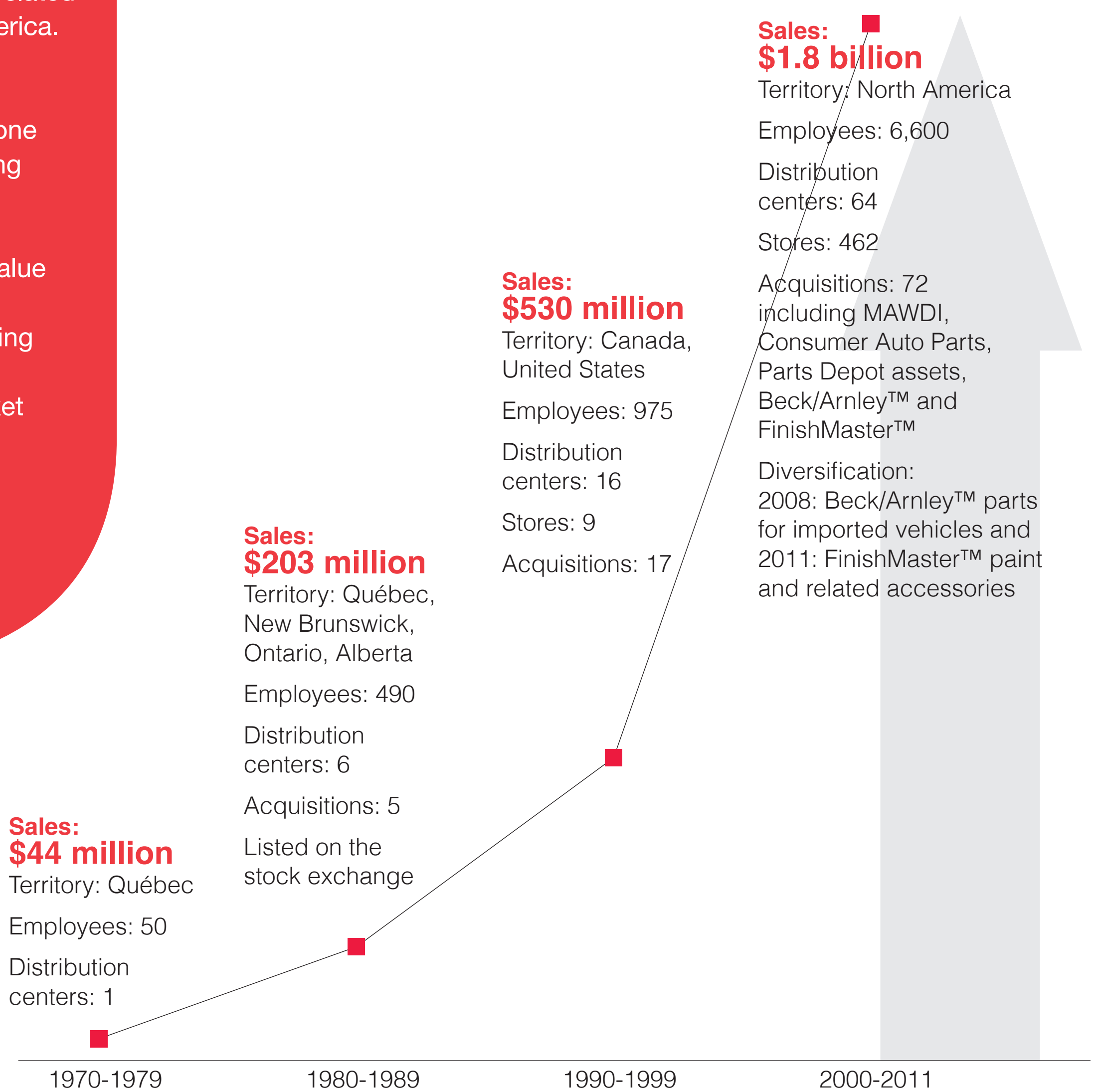
2011

UNI-SELECT®

THE CANADIAN LEADER,
Uni-Select is the 6th largest distributor of replacement parts, equipment, tools and accessories for motor vehicles and the largest independent distributor of paints and related accessories in North America.

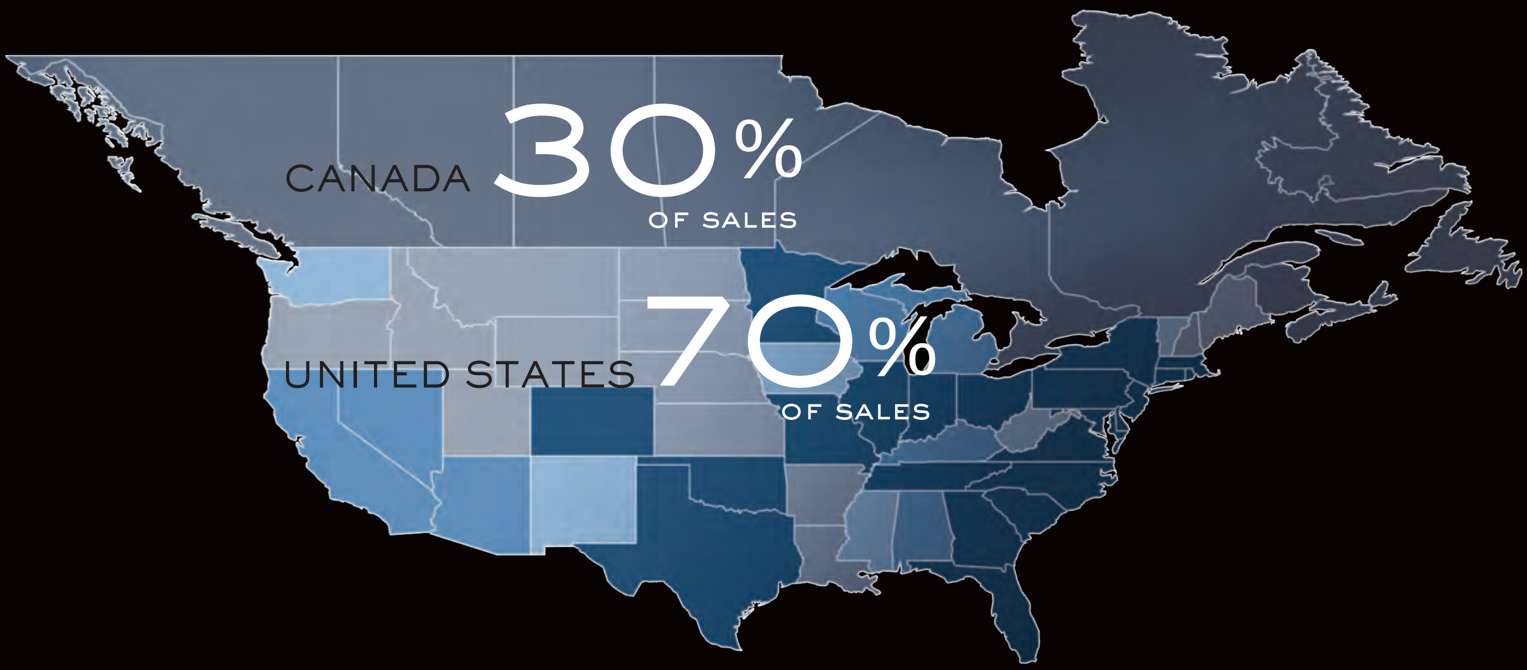
OUR MISSION
To grow Uni-Select into one of North America's leading automotive and related products distribution organizations, creating value by expertly managing its supply chain and by driving its sales and marketing organizations to be market and customer driven.

SPECTACULAR PROGRESS



Note: All figures are in US$

AN IMPRESSIVE PRESENCE



$1.8 BILLION IN SALES

$1.2 BILLION IN ASSETS

MORE THAN 6,600 EMPLOYEES

2 MILLION PARTS

64 DISTRIBUTION CENTERS

462 STORES

3,500 INSTALLERS AND WHOLESALERS UNDER OUR BANNERS

30,000 REPAIR SHOPS AND BODY SHOPS SERVED

HIGH-PERFORMANCE RESULTS

OUR ADDED VALUE IN **10 POINTS**

1. Financial strength
2. More than 40 years of profitability
3. More than 12% return on equity
4. Good cash flow
5. Expertise in acquisitions and integration
6. 24 years of continuous dividends
7. Diversified customer groups and products
8. Entrepreneurial culture
9. North American footprint
10. Excellent management team

▲ 38.5%

SALES
2011: $1,780.6 MILLION
2010: $1,285.4 MILLION

▲ 62.0%

FREE CASH FLOW
2011: $70.8 MILLION
2010: $43.7 MILLION

▲ 36.4%

ADJUSTED EBITDA
2011: $109.9 MILLION
2010: $80.6 MILLION

▲ 12.7%

BOOK VALUE PER SHARE
2011: $21,84
2010: $19,38

▲ 24.6%

ADJUSTED EARNINGS
2011: $60.5 MILLION
2010: $48.5 MILLION

▲ 13.4%

ADJUSTED EARNINGS PER SHARE
2011: $2.79
2010: $2.46

▲ 2.1%

DIVIDENDS
2011: $0.48
2010: $0.47

= 12.5%

RETURN ON SHAREHOLDERS' EQUITY

WE HAVE ALL THE MEANS NECESSARY

TO PROVIDE A FULL RANGE OF BUSINESS SOLUTIONS PROMOTING OUR CUSTOMERS' GROWTH

CANADIAN LEADER

6TH LARGEST DISTRIBUTOR IN THE UNITED STATES

LARGEST INDEPENDENT DISTRIBUTOR OF PAINT AND RELATED ACCESSORIES IN NORTH AMERICA

1 NATIONAL BRANDS FOR REPLACEMENT PARTS

2 BECK/ARNLEY™ PARTS FOR IMPORTED CARS

3 FINISHMASTER™ PAINTS AND RELATED ACCESSORIES

CLIENTS
- INDEPENDENT WHOLESALERS
- INSTALLERS
- BODY SHOPS
- NATIONAL ACCOUNTS

4 EQUIPMENT AND TOOLS FOR GARAGE OPERATORS

5 MARKETING PROGRAMS UNDER OUR BANNERS

6 TECHNOLOGICAL SOLUTIONS

1 More than 1.8 million parts of national brands in our catalogue, with 350,000 of them in Uni-Select warehouses

2 Efficient distribution of Beck/Arnley™ parts for imported vehicles in the fastest-growing categories

3 Distribution by FinishMaster™ of 29,000 different products through the warehouse and store network

4 Full range of equipment, tools and accessories for garage operators

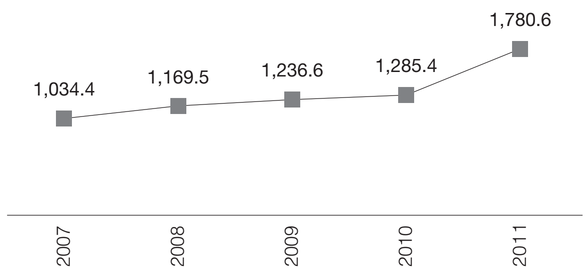
5 Auto-Plus™ and Auto Parts Plus™: among the best marketing support programs for independent wholesalers

6 Top-performing technological solutions for installers and jobbers under our banners (ASPCENTRAL.com, ASPTECHCENTER.com, TECHPROONLINE.com and UNIFORUM.com)

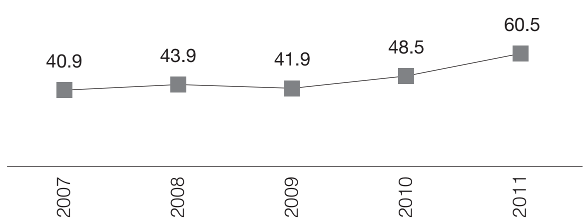
* Auto Plus   Auto Parts Plus

AUTO EXTRA   AUTO SERVICE PLUS   BECK/ARNLEY GENUINE Foreign Nameplate Parts   FINISHMASTER Automotive & Industrial Paint

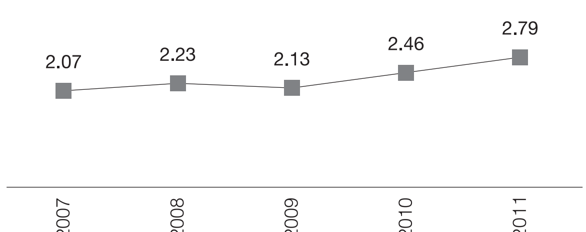
SALES
(in $ million)



ADJUSTED EARNINGS FROM CONTINUING OPERATIONS
(in $ million)



ADJUSTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS
(in $)



FINANCIAL HIGHLIGHTS

Years Ended December 31 (in M of US$, except per share amounts and percentages)

	2011	2010	2009 (3)	2008 (3)	2007 (3)
OPERATING RESULTS					
Sales	**1,780.6**	1,285.4	1,236.6	1,169.5	1,034.4
Variation	**38.5 %**	3.9 %	5.7 %	13.1 %	10.9 %
Adjusted EBITDA from continuing operations (1)(2)	**109.9**	80.6	83.9	86.7	75.5
EBITDA from continuing operations	**105.3**	75.1	77.3	85.4	75.5
Adjusted earnings from continuing operations (2)	**60.5**	48.5	41.9	43.9	40.9
Earnings from continuing operations	**56.5**	45.1	37.9	43.1	40.9
Net earnings	**56.5**	44.2	33.7	42.6	39.8
Free cash flow	**70.8**	43.7	54.8	36.9	26.1
Return on average shareholders' equity from continuing operations	**12.5 %**	12.5 %	11.5 %	14.1 %	14.7 %
Return on average shareholders' equity	**12.5 %**	12.2 %	10.2 %	14.0 %	14.3 %
Return on average net assets	**8.7 %**	9.2 %	8.8 %	10.2 %	10.9 %
FINANCIAL POSITION					
Working Capital	**495.8**	371.9	377.8	390.0	330.8
Total assets	**1,247.2**	805.5	741.1	713.8	623.0
Total net debt	**359.6**	189.7	163.1	170.1	136.5
Shareholders' equity	**472.6**	382.0	356.3	304.3	305.4
Long-term debt / shareholders' equity	**69.4 %**	46.8 %	50.0 %	58.5 %	33.0 %
Total net debt / invested capital	**40.9 %**	33.2 %	31.4 %	35.9 %	30.9 %
Funded debt on EBITDA from continuing operations	**3.31**	2.53	2.11	1.99	1.81
COMMON SHARE DATA					
Book value	**21.84**	19.38	18.07	15.45	15.47
Adjusted earnings related to continuing operations	**2.79**	2.46	2.13	2.23	2.07
Earnings related to continuing operations	**2.61**	2.29	1.92	2.19	2.07
Net earnings	**2.61**	2.24	1.71	2.16	2.02
Dividend ($CAN)	**0.48**	0.47	0.46	0.43	0.42
Number of shares issued at year end	**21,636,767**	19,707,637	19,716,357	19,694,358	19,736,558
Weighted average number of outstanding shares	**21,645,664**	19,716,731	19,709,642	19,724,417	19,727,720

(1) EBITDA represents operating profit before gain on disposal of property and equipment, acquisition-related costs, depreciation and amortization, finance costs, income taxes, losses from discontinued operations and net earnings attributable to non-controlling interest. *For more details, see the section on "Additional information related to compliance with IFRS".*

(2) 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 "Additional information related to compliance with IFRS".*

(3) The results for 2009, 2008 and 2007 were not restated under IFRS. (The obligation to restate the financial statement bearing only to the preceding comparative year). However, following the analysis of 2010, adjustments to earnings related to the IFRS conversion should be negligible, and therefore should not mislead the reader. *(For further details, see note 30 in the Consolidated Financial Statements).*

ACCELERATED GROWTH AT EVERY LEVEL

Jean-Louis Dulac
Chairman of the Board

In 2011, UNI-SELECT accelerated its overall organic growth, significantly increased its sales from acquisition-related developments, continued its territorial expansion and successfully executed the initial rollouts of its enterprise resource planning system.

By the end of 2011, Uni-Select has fulfilled the majority of the goals it set out in its 2008–2012 strategic plan. During the course of 2011, we acquired assets that quickly generated profitable growth. Meanwhile, our existing operations produced positive results that enabled us to continue growing both our revenues and net earnings.

Uni-Select remains the Canadian leader, ranks sixth among distributors in the United States and has evolved into North America's top independent distributor of paint and bodyshop accessories. The acquisition of FinishMaster™ early in the year, along with the purchase of Parts Depot's Florida assets has intensified our American presence, with 70% of our sales now coming from the United States.

The economic context and the automotive parts market The automotive parts industry is characterized by strong competition and market conditions that have seen little or no change since 2008.

However certain conditions improved in 2011 which had a favourable impact on our operations:

- **First, the average vehicle age, specifically cars and light trucks, has continued to rise to reach 10.8 years;**
- **Next, despite the 1.5% decrease in kilometers travelled in 2011, likely resulting from the increase in fuel prices and high unemployment rates in the United States, the overall motor vehicle population keeps on aging. This is favourable for the repair market since older vehicles remain in use;**
- **Also, the "do-it-for-me" (DIFM) market keeps growing and accounts for 65.9% of sales volume in our sector;**
- **In addition, consumers seem to be showing a greater propensity than in the past to spend on maintenance and repairs. This confirms studies showing that the growth potential for maintenance work is far from attained in our market, with a sizable proportion of consumers having delayed or neglected repairs;**
- **Finally, the share held by dealers in the maintenance and repair sector has continued to decline, now standing at 27.7%, or 16% less than a decade ago. This favours the transfer of repair activities and workers to the independent shops we serve.**

MESSAGE TO SHAREHOLDERS

UNI-SELECT IS THE TOP INDEPENDENT DISTRIBUTOR OF AUTOMOTIVE PAINTS AND BODYSHOP ACCESSORIES IN NORTH AMERICA.

Overall forecasts for the automotive aftermarket thus remain encouraging, with the Automotive Aftermarket Industry Association (AAIA) forecasting 4.1% growth in revenues for 2012. Heavy and sustained growth is also forecast in the imported-vehicle repair sector, with imports now accounting for nearly 40% of the vehicles on North American roads.

Strong financial results Uni-Select posted a good overall financial performance in 2011, with significantly stronger results than in the previous year.

For the fiscal year ended December 31, 2011, sales reached $1,781 million, compared with $1,285 million in 2010. This increase of nearly $500 million is largely due to FinishMaster'sTM sales contribution of $452 million in 2011.

Adjusted earnings from continuing operations stood at $60.5 million, against $48.5 million in 2010. Net earnings reached $56.5 million, compared with $44.2 million a year earlier, while earnings per share were $2.61, compared with $2.24 in 2010, despite for the dilution caused by the issuance of two million shares at the start of the fiscal year.

Marked sales growth Uni-Select has seen its sales accelerate in the past five years: at the start of 2007, our annual sales stood at $933 million. With the annualization of the latest acquisitions, sales have nearly doubled and are approaching $2 billion. Our strategy of growth by acquisition has proven successful, enabling us to firm up our leadership position not only in replacement parts distribution but also in paint and bodyshop accessories, a sector where we hold the top position in North America.

Our sales have doubled in five years, rising

TO $1.8 BILLION FROM $933 MILLION.

FINISHMASTER

contributed outstandingly to Uni-Select's growth in 2011.

Again this year there has been a notable increase from our acquisitions-related sales, especially those attributable to FinishMaster™. Revenues from existing stores have risen substantially in the past year, showing gains well above overall market growth. FinishMaster™ has clearly surpassed our expectations, and its contribution to Uni-Select's 2011 growth is outstanding.

The acquisition of FinishMaster™, along with the purchase of assets of Parts Depot, also enabled us to continue our territorial expansion in various states, including Florida and California. Acquiring assets of Parts Depot is beneficial from two standpoints: first, we are gaining ground in the third-largest market in the United States, with 39 points of sale under the Auto-Plus™ banner served by five distribution centers which also supply 200 independent distributors. More importantly, these stores, together with our FinishMaster™ paint product division's 27 existing points of sale in Florida, will increase our market presence in that State considerably, favor the cross-selling of paint products and replacement parts to the respective customers of FinishMaster™ and Auto-Plus™ and enable us to provide more efficient product distribution to our national account customers.

Our acquisition criteria have not changed; it remains vital for acquired businesses to contribute significantly to the organic growth of the entire network beginning in the very first year.

Organic growth on the rise We achieved organic growth of 2.5% in 2011. This rate of growth was substantially higher in the third and fourth quarters of the year, setting the tone for the coming year. The strongest results were in Canada, where organic growth reached 5.0% in the final two quarters of the year.

This growth stems directly from the advances achieved in 2011 in national accounts as well as from higher sales volume from our installers and our independent whole-salers under Uni-Select banners. We have succeeded in increasing our market share in many categories that play a decisive role in building customer loyalty.

30%

Total sales of parts for imported vehicles make up 30% of our sales volume of Automotive Parts.

We must emphasize the 15% growth in sales of Beck/Arnley™ parts for imported vehicles as an important contributor to our strong organic growth in 2011. Total sales of parts for imported vehicles from all sources now make up 30% of our sales volume.

Accelerating integration to optimize the achievement of synergies Since 2007, Uni-Select has made 32 acquisitions, some more substantial than others, such as the assets of Parts Depot, Consumer Auto Parts, Beck/Arnley™ and FinishMaster™, to mention only a few. In each case, the priority was to integrate the operations of the acquired entities as quickly and smoothly as possible in order to optimize the achievement of synergies.

In 2011, integration of FinishMaster's™ activities began in the weeks following the acquisition. As part of the acquisition, we conducted a systematic analysis of operational aspects in both of our operations and identified potential synergies in our network valued at $10 million achievable over three years. This rigorous process enabled us to exceed the goals we set for Year One, and we are confident that we will meet or exceed the level of synergies planned for the end of 2012.

This systematic search for synergies and the organization's ability to establish the mechanisms needed to achieve them is one of our group's strengths. It stems from our ability to acquire profitable businesses with competent management at all decision-making levels and that share our values of profitable growth. We have developed the art of acquiring assets that enhance our customer base and that point toward additional capacity for growth.

OUR PRIORITY IS TO INTEGRATE THE OPERATIONS OF ACQUIRED ENTITIES QUICKLY IN ORDER TO OPTIMIZE SYNERGIES.

FinishMaster™ is one of the latest example of this. With its 16% market share in automotive finishes, 162 stores and annual revenues over $450 million, the FinishMaster™ business is all the more important as a source of cross-growth opportunities. In 2011, we began applying the mechanisms that will enable us to benefit from the sales potential from both of our existing customer groups. This will help build our reputation as a one-stop shop for products and services that can meet all our customers' needs. Over the next two years, about 30 stores will be merged to offer automotive parts and paint under the same roof. A half-dozen stores have already been merged.

Stimulating the conversion to Uni-Select banners to build a strong identity The speed of our expansion in the United States, achieved mainly through acquisitions, has created the need for Uni-Select to build a strong identity that will be recognized by its customers. In 2011, we undertook an aggressive recruitment campaign among installers and independent wholesalers to have them join Uni-Select banners, convinced that our programs' strength and the added value they represent for our customers will prove to be a major attraction.

To increase the corporation's visibility, we have focused on two banners, Auto-Plus™ for independent wholesalers and Auto Service Plus™ for installers. We are pleased with the results, both in terms of the number of new licensees and of the increase in sales volume linked to this branding that fosters loyalty. We converted more than 300 independent wholesalers in 2011 and met our goal for the year of 900 stores under the Auto-Plus™ trademark in the United States. We also have 200 more installers operating under the Auto Service Plus™ trademark, with a total of 1,500 installers now using our programs. Finally, FinishMaster™ recruited 380 new customers during 2011.

OUR BANNER PROGRAMS FOR INDEPENDENT WHOLESALERS OR INSTALLERS ARE SOME OF THE BEST AND MOST EFFECTIVE IN OUR MARKET.

Richard G. Roy
President and Chief Executive Officer

These programs enable us to reach a visible critical mass in the territories we serve. We plan to increase the speed of this conversion initiative because we know that our banner programs, whether for independent wholesalers or installers, are some of the best and most effective in our market. They provide unmatched technological support, and our training, warranty and marketing programs skilfully promote growth and distinguish us from the competition.

We make use of targeted marketing initiatives at major public events in order to increase the Corporation's visibility. Our sponsorship of NHRA™ drag races, and our marketing campaign focused on the use of social media, among others, are examples of how we capitalize on opportunities likely to reach our clientele. We will pursue these initiatives throughout 2012.

Intensifying management efficiency to increase profitability Implementation of our enterprise resource planning system continued in 2011 with the deployment of operating modules in seven warehouses, with minimal impact. We note that development-related risks are now behind us and that corrections made after the pilot phase have largely eliminated risks in future implementation. We have advanced many steps successfully, and we are starting to realize the benefits that will result from the system once full deployment is completed in 2013. We are looking toward implementations in successive waves, by groups of related warehouses and stores; these will continue as planned through 2012 and the first quarter of 2013.

At the store level, the use of a customer relationship management (CRM) tool enabled us to analyze the effectiveness of our sales force. We then applied corrective measures and restructured this area to enhance the performance of representatives while reducing operating costs. In addition, standardization of operations has helped greatly in cutting these costs.

The Kelowna and Burnaby warehouses have been closed, with their customers now served by the new, bigger, more efficient Vancouver warehouse. Similarly, the Regina operation has been absorbed by the Edmonton warehouse and the Québec City operation by the Boucherville warehouse.

In addition, cost-management measures in the United States have caused us to reorganize delivery routes and modernize the fleet to improve fuel consumption, reduce repair costs and increase reliability in shipment levels.

Finally, we focused in 2011 on managing change, in particular to ensure the smooth deployment of the enterprise resource planning system through learning initiatives that emphasize teamwork, individual accountability and excellence in job performance. These programs will continue in 2012.

WE HAVE SUCCESSFULLY COMPLETED THE INITIAL PHASES OF THE ENTERPRISE RESOURCE PLANNING SYSTEM.

We are also taking steps to share the organization's values and culture, mainly with employees who are just joining us. Our efforts to create a strong identity are producing even greater motivation among employees to excel and show entrepreneurial spirit. We have put renewed emphasis on the *Value Creator* program, which again this year has met with success among our employees in every region and every sector. We also plan to increase our focus on employee communications: to favor the integration and strength our corporate culture. Finally, we devote significant attention to talent and succession management. In a market as competitive as ours, training tomorrow's leaders as essential.

Priorities for 2012

Our priorities remain unchanged for 2012.

Our priority actions will include:

- **Quickly integrating the assets acquired from Parts Depot in Florida;**
- **Intensifying the creation of synergies between FinishMaster™ and Uni-Select, in particular by instituting mechanisms and systems to cross-sell products;**
- **Speeding the conversion of independent wholesalers' and installers' stores to Uni-Select banners;**
- **Gaining market share through our Beck/Arnley™ product line for imported vehicles;**
- **Improving our operating margins;**
- **Reducing debt through rigorous management of working capital.**

WE WILL REMAIN GROWTH-FOCUSED IN ALL OUR SECTORS WHILE ENSURING EVEN MORE EFFECTIVE MANAGEMENT OF COSTS AND EXPENDITURES.

UNI-SELECT IS THE PREFERRED SOLUTION FOR INDEPENDENT WHOLESALERS.

Uni-Select will continue to be the preferred solution for North American independent wholesalers. This is what makes us stand out from the competition, and we will continue to offer sales and marketing programs that promote business success for wholesalers.

Our corporate store model will be enhanced, to focus on customer service. We plan to convert 25 of our stores in 2012 to the dual vocation of serving both installers and consumers. We rely on the strength of our banners and on the technology and training programs underlying them to attract even more customers and to build greater loyalty.

With FinishMaster™, we aim for increased sales of paint and bodyshop accessories, in view of the overall growth outlook for this market. We plan to implement customer initiatives that will help us remain a first-choice supplier of quality products. We will be devoting considerable energy to enhancing our customer service. Our aim is to facilitate business operations for the bodyshops we serve. We believe that our strategy of supplying automotive replacement parts to this segment of customers comes at the right time and will result in gains for both Uni-Select and for FinishMaster™. In short, we will build on our leadership position and are determined to remain at the forefront in this area.

Finalizing the development and implementation of the enterprise resource planning system will remain on the agenda in 2012. Systematic programs of training for change will be designed to inform all our employees about the importance of their engagement, and we will prepare our customers and facilitate their understanding of the new tools available under this system.

UNI-SELECT IS AN INDUSTRY LEADER AND AT THE FOREFRONT IN THE PAINT AND BODYWORK ACCESSORIES SECTOR.

Finally, we wish to emphasize our solid financial position. Our financial strength is the result of more than 40 years of continuous growth. We have been paying dividends to our shareholders for more than 24 years, and these dividends have risen year after year. This year, *Money Sense* magazine identified Uni-Select as one of nine Canadian stocks with a solid record of both value and growth.

Therefore, we face the future with confidence. We have real growth potential, and we have learned over the years how to apply this in the most profitable way.

The ultimate priority remains our customers' success Uni-Select has built a position as a frontline player, continuously promoting its customers' success. Regardless of whether we are serving independent wholesalers, installers, technicians or bodyshops, we strive to offer the best products along with the best sales and marketing programs. We offer a level of flexibility unmatched in the industry, enabling our customers to maintain their independence while providing them with the tools to help them stay competitive.

Convinced that our success depends on theirs, we seek constantly to create better business conditions for all our partners in the distribution chain.

A highly effective team Uni-Select thanks its employees and managers for their professionalism and dedication. We owe our success in great part to their commitment to excellence. They deserve our appreciation and gratitude.

It also gives us great pleasure to thank our customers, suppliers and partners for their support throughout the past year. We can assure them that we will do everything we can to provide them with the best services and tools to promote their growth.

To our shareholders, we reiterate our recognition, for they continue to show their trust in us and to support our growth.

Finally, we salute the members of our Board of Directors and thank them for their contribution. Their presence and recommendations are invaluable and inspire us year-round.

Jean-Louis Dulac
Chairman of the Board

Richard G. Roy
President and Chief Executive Officer

MANAGEMENT REPORT

ASTUTE MANAGEMENT AND HIGH RETURNS

SUMMARY

PRELIMINARY COMMENTS TO MANAGEMENT REPORT

BASIS OF PRESENTATION OF MANAGEMENT REPORT

This management report discusses the Corporation's operating results and cash flows for the year ended December 31, 2011, compared with those for the year ended December 31, 2010 as well as on its financial position as at December 31, 2011, compared with its financial position as at December 31, 2010. This report should be read in conjunction with the Consolidated Financial Statements and accompanying notes included in the 2011 Annual Report. The information contained in this management report takes into account all major events that occurred up to March 8, 2012, the date on which the financial statements and management report were approved by the Corporation's Board of Directors. It presents the Corporation's status and business as they existed, to management's best knowledge, as of that date.

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

In this Management Report, "Uni-Select" or the "Corporation" refers, as the case may be, to Uni-Select Inc., its subsidiaries, divisions and joint ventures. Unless indicated otherwise, all financial data presented in this management report, including the amounts in the tables, are expressed in thousands of US dollars. Comparisons are presented in relation to the previous period.

The financial statements contained in the Annual Report, prepared in accordance with International Financial Reporting Standards (IFRS), have been audited by the Corporation's external auditors.

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 management report and other sections of the 2011 Annual Report contain forward-looking statements within the meaning of securities legislation concerning the Corporation'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 Corporation'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 Corporation's results may be affected by the competitive environment, consumer purchasing habits, vehicle fleet trends, general economic conditions and the Corporation's financing capabilities.

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

International Financial Reporting Standards (IFRS) became effective January 1, 2011 and replace the previous Canadian standards. The financial information included in this document has been prepared in accordance with IFRS, and is presented as such unless otherwise noted. *(For further information on the impacts, see section 13 of the management report "Changes in accounting policies" as well as note 30 of the consolidated financial statements).*

CHANGES IN REPORTING CURRENCY OF FINANCIAL STATEMENTS

The Corporation initiated the reporting of its consolidated financial statements in United States dollars on January 1, 2011. This decision reflected a significant shift in the geographical composition of sales as a result of the acquisition of FinishMaster, Inc., completed on January 11, 2011. More than 70% of Uni-Select's sales now originate from the United States. As a result, Management was of the view that it is more pertinent and economically representative to use the United States' currency as the reporting currency. This decision will reduce the potential volatility of results caused by changes induced by fluctuations in foreign exchange rates.

As a result of the change in the reporting currency, all data previously expressed in Canadian dollars have been converted to the historical exchange rate for equity, at the average rate for the results, and end of period rate for the assets and the liabilities, all in accordance with IFRS.

COMPLIANCE WITH IFRS

The information included in this report contains certain measures that are not performance measures consistent with IFRS. Some expressions do not have any standardized meaning in accordance with IFRS. As a result, they may not be comparable to similar measures presented by other corporations. The Corporation is of the view that users of its management report may analyze its results based on these measurements. (Details in section 15)

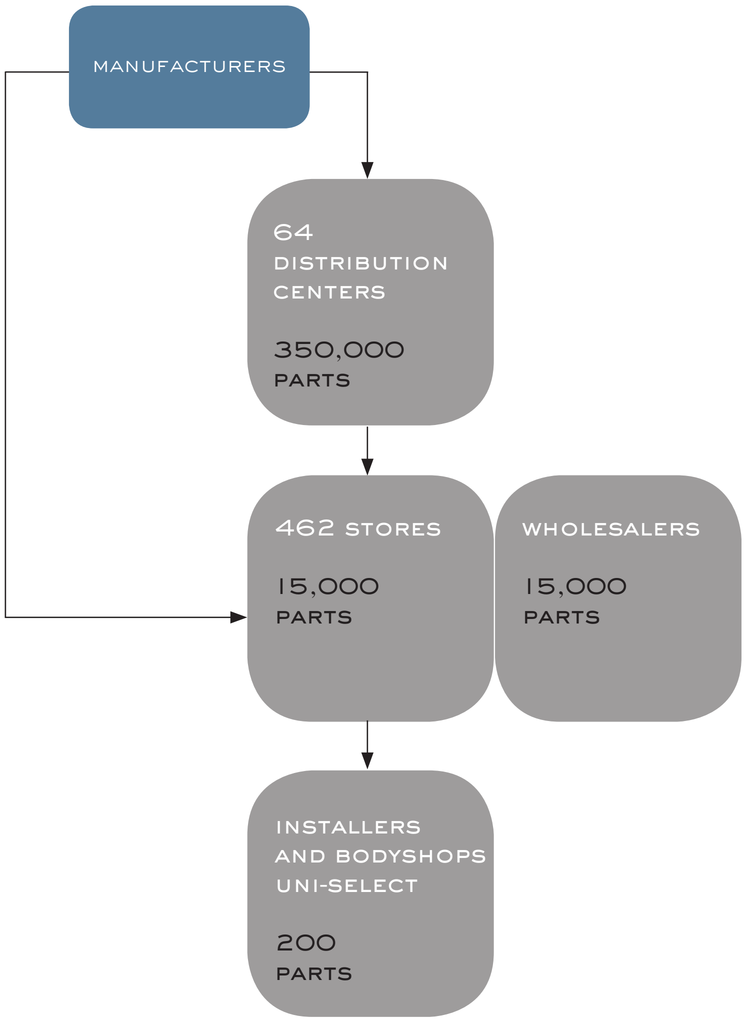
1. PROFILE AND DESCRIPTION

A vital 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 the Canadian leader and ranks sixth among distributors in the United States. It is also the largest independent distributor of paint and related accessories through its FinishMaster™ subsidiary. With its 6,600 employees, the Corporation serves three customer groups: independent wholesalers and major accounts, to which it supplies automotive parts and accessories through its 64 distribution centers; installers and consumers, to whom it provides the same products from its stores; and body shops operators, who purchase automotive coatings and related accessories.

Uni-Select has 462 corporate stores and forms one of the largest networks of independent wholesalers of automotive parts and related accessories: it has more than 3,500 wholesalers and installers under its banners and serves more than 30,000 installers and body shops.

6,600 EMPLOYEES
64 DISTRIBUTION CENTERS
462 CORPORATE STORES
3,500 BANNERS
30,000 INSTALLERS AND BODY SHOPS.



Uni-Select is a vital industry player, not only because of its size but also because it provides the full range of essential services and products to its different customer groups. Uni-Select is a first-choice supplier of parts and equipment for domestic vehicles and of parts for imported cars, especially Beck/Arnley™ products, as well as the leading North American distributor of auto body finishes.

Uni-Select has annual sales of $1.8 billion. More than 70% of its sales volume originates from the United States and sales in excess of $0.5 billion are with customers from all over Canada.

An essential link in the supply chain

The Corporation plays an essential role by linking producers of automotive parts to wholesalers, installers and bodyshops that form its customer base. With access to nearly two million automotive parts and accessories, Uni-Select provides effective management of the supply chain, with more than 350,000 different part numbers in inventory to meet its customers' needs.

Business solutions adapted to customer needs

Uni-Select provides its customers with recognized high-quality national brand-name products. These include automotive parts for domestic or imported vehicles and recognized brands of paint and accessories for bodywork. Its expertise as a supplier comes from its in-depth market knowledge, backed by a network of efficient distribution centers.

Uni-Select's customers meet their procurement needs through a mixed-access system, either directly from suppliers or from Uni-Select's warehouses and stores across North America.

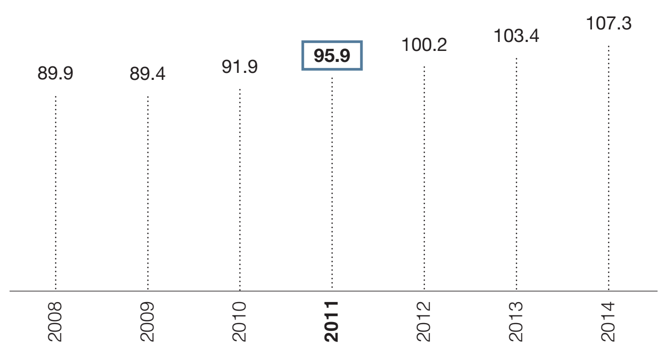
Competitive advantages

Uni-Select recognizes the varying needs of independent jobbers, and works with them to secure their success. Accordingly, the Corporation offers menu based services that allow customers to choose and pay for the programs and resources they need, to help them meet their development and growth goals, whether this involves marketing tools, banners, or inventory and order management systems. In addition, Uni-Select offers its customers training workshops for technicians as well as succession programs to ease the transfer of business ownership, should the need arise.

2. ECONOMIC CONTEXT

The economy in 2011 was marked by only a modest recovery in North America, but the automotive aftermarket continued to expand, achieving a 4.1% growth pace. This market has been resilient in the face of recession, and current forecasts point to average annual growth of 3.5% up to 2014.

SIZE OF THE AFTERMARKET (1)



(1) At warehouse distributor price, excluding labor
Source: AAIA Channel Forecast Model & Desrosiers Automotive Consultants

3. THE AUTOMOTIVE AFTERMARKET

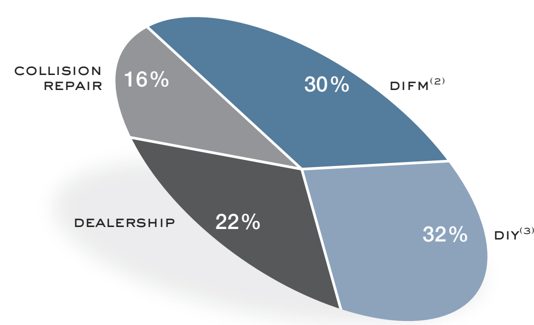
With nearly four million people employed across North America, the automotive after-market represents approximately $248 billion a year in sales; replacement parts and collision repair supplies, Uni-Select's areas of activity, account for $96 billion of these total sales, where replacement parts account for 84% of the activity and the collision sector, 16%.

The replacement parts segment, with sales in excess of $81 billion, is largely consolidated in Canada but has been seeing regional and national consolidation efforts in the United States.

The market for collision repair supplies, with overall activity of nearly $15 billion, is also undergoing consolidation and change, as the number of body shops declines and insurers tend to favor shop and suppliers operating in a network.

A number of variables affect the automotive aftermarket. Some of these factors are related to demand, including the number and age of vehicles or distance travelled, others are linked to supply such as the number of independent repair shops as compared to the number of dealers.

AFTERMARKET BREAKDOWN (1)



(1) Excluding labor
(2) Do it for me: Sales to professional installers
(3) Do it yourself: Sales to consumers

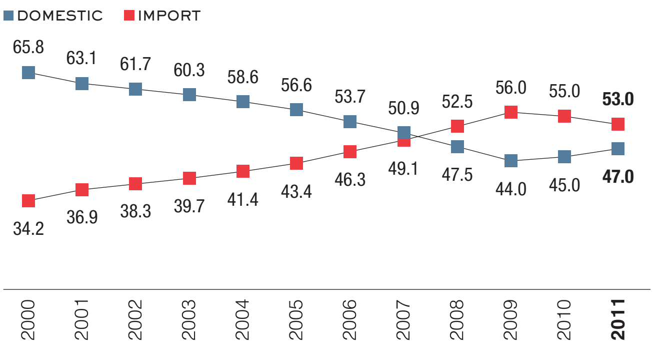
Source: AAIA Channel Forecast Model & Desrosiers Automotive Consultants

Number of vehicles on the road

The total number of vehicles on the road in the United States has remained fairly stable, at 241 million. In 2011, however, a 10.3% increase was noted in new-vehicle sales, with 12.8 million new vehicle registrations.

The ratio between domestic and import nameplate vehicles remains a major factor in the repair sector, with significant growth noted in the import nameplate segment over the last 10 years. Whereas 34% of new vehicles sales in 2000 were imported brands, this proportion reached 53% in 2011.

NEW VEHICLE REGISTRATION
(in percentage)

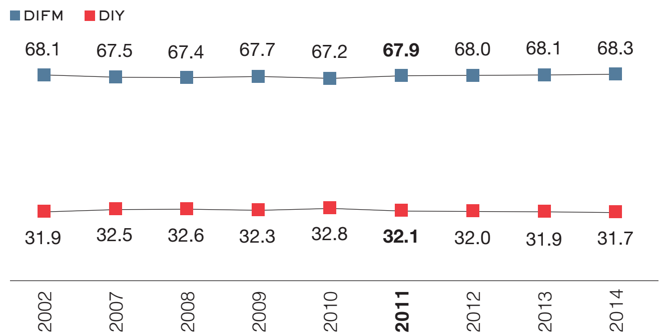


Source: R.L. Polk & Co.

It should also be noted that the number of import nameplate vehicles that are five to 10 years old — the “sweet spot” for repairs — has been on the rise, with 41% of vehicles falling into this category in 2012.

Some variables are more closely connected to consumer behavior. For example, the aging of the population, together with the increasing sophistication of vehicles and a rising number of imported cars, favors growth in the professional repair segment (DIFM, or Do It For Me) rather than in the DIY (Do It Yourself) segment. The Automotive Aftermarket Industry Association (AAIA) forecasts a 4.2% annual growth in the DIFM sector up to 2014. This segment accounts for 67.9% of sales in the automotive aftermarket.

AFTERMARKET SEGMENTATION BETWEEN DIFM AND DIY (in percentage)

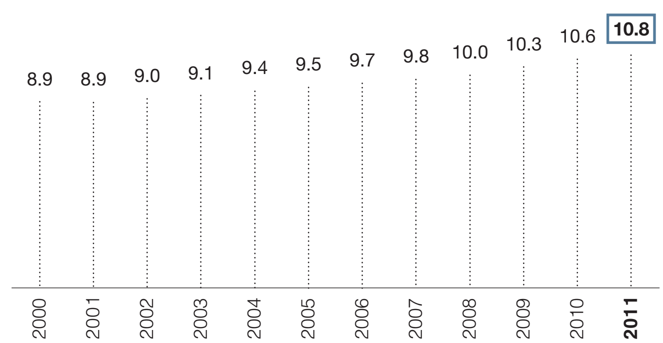


Source: AAIA Channel Forecast Model

Vehicle age, distance travelled and repair rates

There is a direct link between vehicle age, distance travelled and vehicle repair rates. In 2011, average vehicle age reached 10.8 years, while the number of kilometers travelled fell by 1.5%, likely due to the sharp rise in fuel cost during the year. The aging of the automotive fleet is clearly favorable for our market. The average age of domestic cars is 12.3 years, compared to 9 for imported cars.

AVERAGE AGE OF VEHICLES

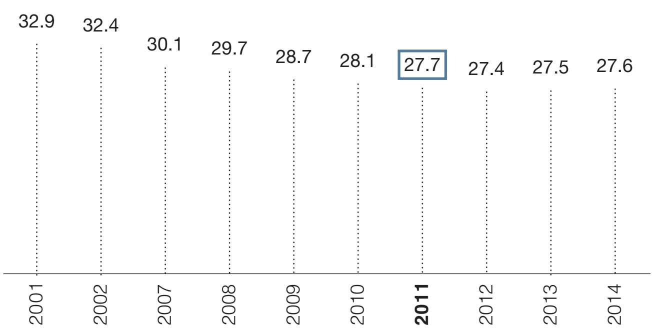


Source: R.L. Polk & Co.

A favorable bias toward independent repair shops

A J.D. Powers study concludes that consumers in North America are more satisfied with repairs done by independent repair shops than with the services received from automobile dealers. This conclusion tends to illustrate the value of repair and maintenance services offered by the aftermarket and its key role in the automotive industry.

DEALERSHIP SHARE OF AFTERMARKET PART SALES



Source: AAIA Channel Forecast Model

The rationalization of the number of new-car dealerships in North America over the last two years seems to favor a shift toward the aftermarket for repairs. The dealerships' market share has eroded from 32.9% in 2001 to 27.7% in 2011, a decline of nearly 16% over 10 years.

An established and growing market

The North American automotive aftermarket is a stable market that should remain strong in the coming years. This market is characterized by a high level of consolidation in Canada, with limited opportunities for acquisitions. On the opposite, the market in the United States remains highly fragmented, with substantial opportunities for growth through acquisition of independent distributors.

Uni-Select stands apart in the aftermarket, as it focuses its activities on commercial sales, to jobbers, installers and body shops.

4. SOLUTIONS THAT EMPHASIZE GROWTH

Uni-Select has one of the most extensive distribution networks of the aftermarket. Because this network covers all of North America, the Corporation is able to provide quick and efficient delivery of all products required to service the needs of its customer base of wholesalers, installers and body shops.

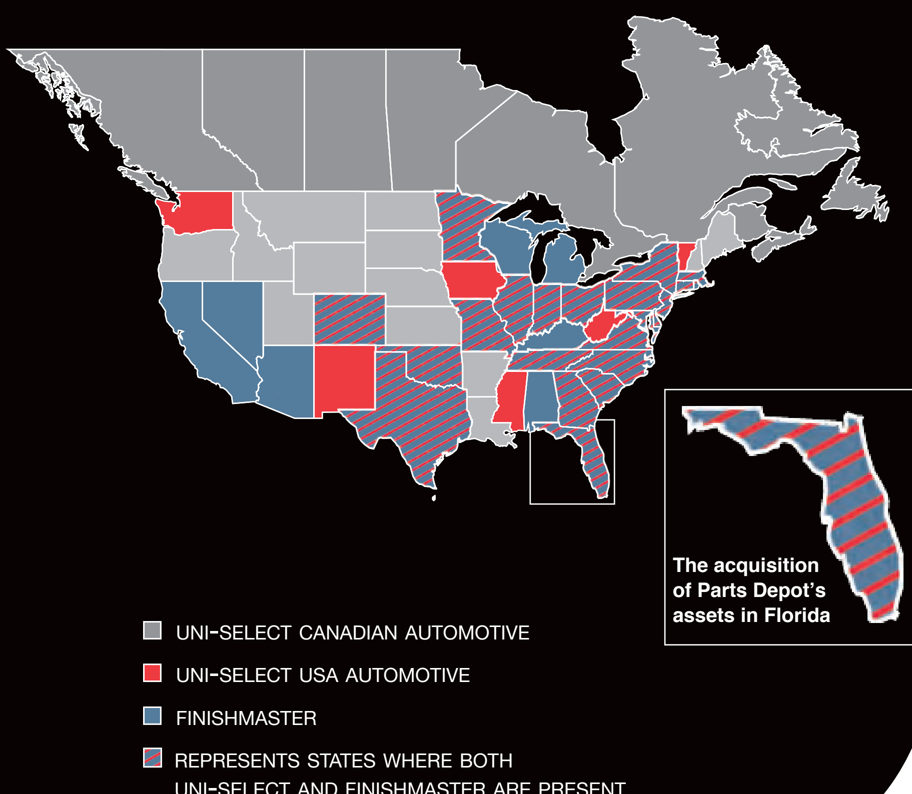
An impressive expansion

Uni-Select's has built its North American distribution network over the years on a strategy of acquisitions that resulted in the Corporation's fast pace expansion in the United States over the last decade.

Uni-Select has a solid track record in profitable, synergy-generating acquisitions. In 2011, Uni-Select conducted two major acquisitions, increasing its reach and its position as a preferred distributor.

The acquisition of FinishMaster™ in January 2011 is a key move both in terms of activities and territorial coverage. Uni-Select already has recognized expertise in Canada in the paint and bodywork accessories' sector, where it enjoys a 24% market share. The FinishMaster™ purchase is perfectly aligned with our activities and enables us to stand out as North America's largest independent distributor in this sector.

FinishMaster™, present in 29 States with 162 stores and 3 distribution centers, has a 16% market share in the United States. Its 2011 revenues far exceeded the forecasts made at the time of the acquisition, reaching almost $465 million on an annualized basis. In addition, FinishMaster™ recruited over 380 new customers during the year. In terms of synergies, we have managed to surpass the goals set for 2011 through systematic and rigorous analysis of the facets of both organizations. We expect to meet or exceed the level of synergies forecasted for 2012.



The acquisition of Parts Depot's assets in Florida opened the door to the sale of replacement parts in this state, the market with the third-largest number of vehicles on the road. With the addition of 5 distribution centers and 39 stores under the Auto-Plus™ banner, the purchase of Parts Depot's assets is a transaction expected to generate $90 million in annual revenues.

More importantly the 39 Auto-Plus™ stores in Florida, combined with our FinishMaster™ paint product division's 27 existing stores, and the 200 independent jobber stores serviced by our warehouses will substantially boost our presence in that market. We will initiate cross-selling of paint products and replacement parts to the respective customers of FinishMaster™ and Auto-Plus™. The addition of these facilities in Florida will also help us provide a more efficient product distribution to our national account customers. Both of these acquisitions meet our goal of increasing revenues by $100 million a year.

A global offering of products

Uni-Select has chosen to accelerate its growth in promising areas such as parts for imported cars as well as paint and related accessories. Not only has Uni-Select met its goals of increasing its presence in the paint business but as a result thereof it can now provide its customers a one-stop shop concept, offering a variety of business solutions and products that will lead to their success.

A full range of replacement parts

Relying on a strategy of efficient centralized distribution, Uni-Select is able to provide its network of independent wholesalers and installers with quality parts from national brands that are recognized as matching or exceeding the performance of original parts for both domestic and imported vehicle application. More than 350,000 parts are in inventory in the Uni-Select distribution centers, with accessibility to nearly two million parts available from manufacturers.

Uni-Select's Beck/Arnley™ subsidiary offers a competitive inventory of high-quality products for imported vehicles, offering the appearance, performance and ease of installation of original parts, particularly in what it considers as the most promising categories and in new products. With each passing year, Uni-Select broadens the product range and accessibility of Beck/Arnley™ parts, which form an array of more than 23,000 parts in six product categories, including brakes, chassis, engine management and clutches.

We can already see the positive results of these measures, with sales of Beck/Arnley™ products showing an increase of 15% in 2011. We believe that growth will be sustained growth in this sector. Beck/Arnley™, and its reputation as a supplier of replacement parts that compare favorably with original parts, is well positioned to become a leader in key categories such as filters, chassis and brakes, with a broad range of quality products.

A strong position on the paint and bodywork sector

With a 24% market share in Canada and 16% in the United States, Uni-Select is in an excellent position as an independent distributor in the paint and related accessories sector in North America.

The post-collision repair sector is undergoing profound change, as a result of a combination of several factors. Technological advances and vehicle-safety laws will help reduce the severity of damage caused by collisions, meaning that the owners of less heavily damaged vehicles will be more likely to have them repaired. The paint and bodywork sector is consolidating both in Canada and the United States, and the leading position held by Uni-Select points to excellent growth opportunities. The trend by insurers to favor body shop networks is also an assurance of success for Uni-Select and given its expertise Uni-Select stands out as an experienced consolidator.

The FinishMaster™ acquisition will be an opportunity to adapt the Canadian business model to the United States. Uni-Select will become a vital intermediary providing business solutions that are profitable for insurers, body shop owners and independent wholesalers. We believe that FinishMaster™ will provide opportunities to promote the exchange of expertise in the paint sector.

A one-stop shop

With its ability to supply replacement parts as well as paint and bodywork accessories through its effective North American distribution network, Uni-Select intends to capitalize on opportunities for cross-selling between the two networks. A review of business processes is under way to determine how to best profit from product exchanges, and develop strategies to benefit from the sales potential of both sectors.

Auto Plus

Auto Parts Plus

AUTO SERVICE PLUS

Banners that stand out from the competition

In 2011, Uni-Select gave priority to disseminating its effective banner programs for independent wholesalers and installers, with the aim of achieving a visible critical mass all across North America. Uni-Select firmly believes in the added value provided by these banner programs, which are ranked among the industry's best and among its top performers. They provide leading-edge technological support as well as training, warranty and marketing programs that are helpful at promoting growth.

In 2011, Uni-Select accelerated the conversion of independent wholesalers to the Auto-Plus™ banner and the switch of installers to the Auto Service Plus™ banner. It plans to continue this strategy in 2012. The results obtained both in the number of new licensees and high sales volume linked to this loyalty-building initiative have been very positive. We converted more than 300 independent wholesalers in 2011, and we reached our goal for the year of 900 stores under the Auto-Plus™ banner in the United States. We also have more than 200 additional installers operating under the Auto Service Plus™ banner, for a total of 1,500 installers using our programs.

A brand image

Uni-Select is increasingly standing out across North America. We pay very special attention to our image, and we have instituted programs to raise our profile among current and potential customers. In 2011, we embarked on initiatives with the general public that have raised our visibility. We became a sponsor of NHRA™ drag racing, and more than 3,000 customers attended these events in areas we serve. We have also created a 2012 marketing campaign based on the use of social media.

A full range of equipment and tools for installers

Uni-Select can provide independent garage operators and installers with all the equipment and tools they need to equip their facilities. An equipment specialist will advise installers on equipment available in the catalogue and will provide guidance on the purchase or leasing of equipment.

This market is not to be treated lightly: it accounts for 4.3% of all aftermarket sales, or close to $10 billion. Growth is expected to continue in this market up to 2014.

A personalized distribution network

Uni-Select has developed a variety of methods to serve its customer base of independent wholesalers and installers, body shop operators and national accounts.

Uni-Select offers its independent wholesalers two sources of supply, either directly from manufacturers or from Uni-Select's distribution centers across North America. The direct-shipment program, designed for larger independent wholesalers, helps them remain competitive and benefit from Uni-Select's purchasing power.

Uni-Select also provides efficient service to a sizable number of major accounts, both national and regional. These agreements are in place in Canada with among others LAR, Canadian Tire, Bridgestone and Hydro-Québec and in the United States with National Grid and with the municipalities of Philadelphia and Dallas and the Boston Fire Department. The efficiency of its distribution network, and its local presence, enables Uni-Select to respond quickly to these customers' needs. Each national agreement is an opportunity to maximize the business volume of Uni-Select's customers and to build their loyalty.

Uni-Select provides its installers and body shop owners with access to its products through its network of 462 corporate stores. This network operates stores based upon 2 models. The first is entirely dedicated to commercial sales, while the other has a dual vocation, serving both installers and consumers. The business model for retail sales is based on the Consumer Auto Parts stores, a business acquired in 2007. In 2011, Uni-Select converted 12 stores to the mixed model of selling to installers and consumers, and it expects to have 51 stores of this type by 2013.

Regardless of the type of store, all offer the following advantages: superior inventory due to the quality of the domestic and imported product assortment; optimized delivery due to the strength of Uni-Select's distribution network; a professional sales force able to provide proper customer advice at the counter or through call centers; and top-notch technical and promotional support programs such as Auto Service Plus™ and Service Auto Expert (SAX).

Another addition this year was the creation of a half-dozen merged Uni-Select and FinishMaster™ stores. Over the next two years, about 30 stores will be merged to offer both auto parts and paint under the same roof.

Rigorous management of every aspect of operations

Uni-Select prioritizes the rigorous control of its costs and expenses. In a market as competitive as ours, smart inventory management and the institution of margin-enhancement measures are priorities. In 2011, Uni-Select intensified its quest for improvement in every sector of operations, in the areas of both asset consolidation and inventory reduction. The closing and consolidation of warehouses is a clear example of this. We closed our Kelowna and Burnaby warehouses, with their customers now served from a new warehouse in Vancouver that is larger and more efficient. Similarly, the Regina operation has been merged into the Edmonton warehouse and the Québec City operation into the warehouse in Boucherville, near Montréal.

Efficiency of computer systems

For quite awhile, computer systems have been regarded at Uni-Select as growth tools to increase the efficiency of customer service while reducing operating costs. These increasingly effective systems, at every level of the organization, have contributed, and will continue doing so, to the success of our distribution activities.

At its warehouses, Uni-Select has implemented an integrated inventory-management system as well as a paperless warehouse-management system designed to achieve better control of the asset base while improving customer service. At its stores, the integration of point-of-sale systems, along with online inventory-management solutions for the partners, has provided positive results.

The most important project, however, remains finalizing the deployment of the enterprise resource planning system between now and 2013. This SAP system will help facilitate management of every facet of the organization, from managing warehouses and their inventories to handling finance, orders and purchases. Implementing this software remains a project that involves the entire Corporation. It is not just a technology project; Uni-Select is aware that its implementation is aimed at changing processes and ways of doing things throughout the organization, and it has put considerable effort into helping executives, employees and partners adapt to the system. Implementations at seven warehouses in 2011 took place with minimal impact. Following consultations with stakeholders, alterations and corrective measures have been made in order to facilitate the continuing implementations planned for 2012.

This system, involves a total investment of about \$90 million spread over five years, with \$78 million invested, promises quantifiable benefits in terms of margins as well as lower operating and asset-management costs. It also offers substantial management benefits, since it can offer a picture of the situation in real time, facilitating the integration of acquisitions and easing access to information for customers of warehouses and stores alike.

In 2012, Uni-Select will continue to operate with two information-management systems, due to the gradual way the new system is being implemented. Initial savings will be seen during the year, and most of the recurring benefits from the systems should materialize starting in 2013.

Importance of human resources

Promoting a culture of excellence and efficiency among all employees lies at the heart of Uni-Select's management priorities. The Corporation has seen a sizable increase in staff over the last five years, and the co-ordinated dissemination of our corporate values and our guiding principles is a must.

The *Value Creator* program gives tangible expression to the Corporation's vision of the role employees play in Uni-Select's overall success. Designed to acknowledge the contribution of employees who perform well, this program highlights the values that form Uni-Select's entrepreneurial culture, namely innovation, excellence, engagement and a sense of partnership. Uni-Select's 6,600 employees share these values and convey them at every level of the organization.

Special attention is paid to training for change. Specific programs are currently moving ahead to guarantee employee collaboration and understanding, especially during implementation of the integrated-management system. Uni-Select has set up a collaborative workshop in which all employees affected by the enterprise resource planning system learn about initiation to change by building a small-scale model car as a team. Group learning provides for an understanding of the goals sought by the Corporation and for measuring the new system's future advantages. It takes participants through the steps needed to implement the system in terms of their own roles and responsibilities, and ensures everyone involved of the project's merit. This activity has met with success both among managers and employees. It has been implemented up to now in Edmonton and Saskatoon, on the Canadian side, as well as in Chicago, Memphis and Atlanta in the United States. All the major centers will take part by the end of 2012. Altogether, 200 cars will be built and given later to children's charities.

In addition, during this busy period with all sorts of changes, the use of social media is helping us keep in touch with our managers as well as with our customers.

Preparing the succession is another priority. Leadership programs, together with evaluation programs to discover talent and identify high-potential individuals, are a focus of the Human Resources department's activities.

A concern for sustainable development

Uni-Select is also concerned with sustainable development and environmental issues. The very nature of the automotive aftermarket is to supply replacement parts that can keep vehicles operating longer, more cleanly and more efficiently. Our market thereby contributes to better energy consumption. Uni-Select, in collaboration with Hydro-Québec, has been participating for a year in a program to evaluate a fully electric vehicle. We also subscribe to our industry's programs for recycling materials such as used oil, filters, liquid refrigerant and batteries.

5. HIGHLIGHTS OF LAST THREE YEARS

Growth drivers: acquisition, technology and integration

The financial results of the last three years are the reflection of all the initiatives undertaken by the Corporation in its endeavour to realize its corporate strategic plan, despite the uncertain economic situation. Indeed, most of the variations in the Corporation's statement of earnings and consolidated statement of financial position items between 2009, 2010 and 2011 reflect the various objectives of the corporate strategic plan of refocusing of operations, expansion through acquisitions and strategic alliances as well as the continued improvement in profitability of current operations.

Furthermore, it is during these years that the Corporation has chosen to proceed with the development of the enterprise resource planning system. This technological investment will allow the Corporation to improve support of current operations as well as the growth envisioned through its strategic plan.

EXCHANGE RATE DATA

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

	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009
Average for the period For statement of earnings	**1.01**	0.97	0.88
Period End For statement of financial position	**0.98**	1.00	0.95

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

SELECTED CONSOLIDATED INFORMATION

(related to continuing operations)

Years ended December 31 (in thousands of $US, except per share amounts)	**2011**	2010	2009 (2)
Sales			
United States	**1,242,279**	781,836	773,652
Canada	**538,291**	503,539	462,930
Total	**1,780,570**	1,285,375	1,236,582
Adjusted EBITDA (1)	**109,934**	80,619	83,880
EBITDA	**105,268**	75,118	77,333
Adjusted earnings (1)	**60,482**	48,536	41,938
• per common share, basic	**2.79**	2.46	2.13
Earnings	**56,545**	45,094	37,878
• per common share, basic	**2.61**	2.29	1.92
Free cash flow	**70,753**	43,667	,54,800
Cash dividends paid on common shares $CAD			
• per common share, basic	**0.48**	0.47	0.46
Average weighted number of outstanding shares, basic	**21,645,664**	19,716,731	19,709,642
FINANCIAL POSITION DATA (as at December 31)			
Working capital	**495,846**	371,903	377,758
Total assets	**1,247,221**	805,527	741,121
Total net debt	**359,596**	189,678	163,148
Total Shareholders' equity	**472,557**	381,969	356,314

(1) EBITDA and earnings from continuing operations have been adjusted for costs that the Corporation 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 "Additional information related to compliance with IFRS.")*

(2) The results of the quarters from 2009 were not restated under IFRS (The obligation to restate the financial statement bearing only to the preceding comparative year, 2010 in this case). However, following the analysis of 2010, adjustments to earnings related to the IFRS conversion should be negligible, and therefore should not mislead the reader. *(For further details, see note 30 in the Consolidated Financial Statements).*

A detailed analysis of changes in operating results and the consolidated statements of financial position between 2011 and 2010 is provided in the following sections. A detailed analysis of changes in the operating results and the consolidated statements of financial position between 2010 and 2009 is included in the management report in the 2010 Annual Report, available on the SEDAR website (www.sedar.com).

FINANCIAL YEAR 2009

Positioning

For the Corporation, this was an important year of positioning to realize its corporate strategic plan. Indeed, Uni-Select executed several strategic decisions in such a way as to enable it to pursue expansion through acquisitions, mergers and strategic alliances.

Uni-Select took control of its USA subsidiary, with the purchase of the minority shareholders' interest in Uni-Select USA, which increased its stake in this subsidiary to 100%. This situation permitted a better administrative and financial flexibility to develop business.

In keeping with the corporate strategy to refocus operations, the Corporation proceeded with the disposal of the operations of the Heavy-Duty Group. In Canada, the Corporation proceeded to the disposal of 14 corporate stores, mainly in Ontario and Québec. These stores had been acquired to facilitate the succession of business clients, or to help members in financial difficulty, in order to preserve market share. To keep the operations inside the Uni-Select network, the Corporation signed supply agreements with business partners.

The Corporation pursued the integration and the roll-out of the Beck/Arnley™ products in the Canadian and American networks.

From a working capital and operational cash flows perspective, the Corporation negotiated a vendor financing program *(for further details, see section on Sources of financing),* implemented a new financing structure, which helped reduce the tax rate and finally, decreased the excess inventory, while maintaining the same level of customer services.

FINANCIAL YEAR 2010

Projects and realizations

2010 was marked, amongst others, by the development of the enterprise resource planning system, the creation of a unique database and the implementation of the finance module.

In 2010, the Corporation fully benefited from the purchase of its minority shareholders' interest in Uni-Select USA and from a tax rate reduction resulting from its financing structure and maintained its goal of consolidating its operations by selling corporate stores in Canada, and closing or selling those stores that have a lesser potential of profitability in the United States.

The benefits related to these initiatives have been partly offset by the costs related to the implementation of the enterprise resource planning system, which, with respect to the operational portion, would only benefit the Corporation in subsequent years.

As for the end of the year, it was concluded by the announcement of the acquisition of FinishMaster, Inc. which was formalized at the beginning of 2011.

FINANCIAL YEAR 2011

Acquisitions, integration and technology

The following table presents various initiatives undertaken in 2011 as well as their financial impacts on the Corporation.

<table>
<tr><th>HIGHLIGHTS</th><th>IMPACT – FOURTH QUARTER</th><th>IMPACT – YEAR TO DATE</th></tr>
<tr><td>Acquisition of FinishMaster, Inc., the largest independent distributor of automotive paints, coatings and related accessories in the United States. The acquisition was completed January 11, 2011.</td><td>Sales of $116 million</td><td>Sales of $452 million</td></tr>
<tr><td>Acquisition of certain Parts Depot Inc. assets in Florida completed at the end of October 2011 including 39 corporate stores and 5 warehouses as well as other acquisitions.</td><td>Sales of $15 million</td><td>Sales of $15 million</td></tr>
<tr><td>In order to finance major acquisitions such as FinishMaster™ and Parts Depot, a new credit facility was negotiated.</td><td>Increase of the credit agreement: $50 million following the acquisition of certain Parts Depot assets</td><td>New credit agreement: $450 million

Issuance of convertible debentures, net of costs: $49.7 million

Issuance of shares, net of costs: $49.6 million</td></tr>
<tr><td>Acquisition and disposal of stores</td><td>New store opened: 1

Stores closed: 3
(2 are merged with 2 FinishMaster™ locations)

Stores acquired: 2</td><td>New stores opened: 2

Stores closed: 10
(3 are merged with 3 FinishMaster™ locations)

Stores acquired: 5</td></tr>
<tr><td rowspan="2">The reorganization of its distribution network in Canada</td><td>Network reorganization costs: $0.3 million</td><td>Network reorganization costs: $1.5 million</td></tr>
<tr><td colspan="2">Closure of 3 distribution centers, as well as the relocation for expansion purposes of a fourth distribution center to optimize its network.</td></tr>
<tr><td>Disposal of two buildings</td><td colspan="2">Net gain on disposal: $1.7 million</td></tr>
<tr><td>Signing of national supply agreements</td><td colspan="2">Signing of the following agreements: National Grid in the United States as well as Hydro-Québec in Canada

Renewal of the following agreements: City of Philadelphia and in the United States and Canadian Tire Corporation, Ltd in Canada.</td></tr>
<tr><td>The development of the enterprise resource planning system is progressing according to plan.</td><td>$6.8 million in capital expenditures and $1.1 million in operating expenses were incurred</td><td>$26.4 million in capital expenditures and $3.1 million in operating expenses were incurred</td></tr>
</table>

In addition, *the deployment of the operational module* of the enterprise resource planning system has begun, as planned in April 2011 with a pilot warehouse in Canada and one in the United States as well as its 9 corporate stores. The first of six waves of implementation of the enterprise resource planning system, by warehouse location, has been operational since November 1, 2011, and includes 5 warehouses and 12 stores. The deployment will be pursued gradually to be completed during the first quarter of 2013.

6. ANALYSIS OF RESULTS

The results for the financial year show the Corporation's ability to integrate acquisitions and maximize their potential synergies.

(in thousands of US dollars, except for percentages)	Fourth Quarter			Year to date		
	2011	2010	%	**2011**	2010	%
Sales						
United States	**313,169**	180,846	73.2	**1,242,279**	781,836	58.9
Canada	**123,481**	124,570	(0.9)	**538,291**	503,539	6.9
	436,650	305,416	43.0	**1,780,570**	1,285,375	38.5
EBITDA	**21,361**	14,180	50.6	**105,268**	75,118	40.1
EBITDA Margin	***4.9%***	*4.6%*		***5.9%***	*5.8%*	
Adjustments (1)	**1,371**	1,116		**4,666**	5,501	
Adjusted EBITDA	**22,732**	15,296	48.6	**109,934**	80,619	36.4
Adjusted EBITDA Margin	***5.2%***	*5.0%*		***6.2%***	*6.3%*	

(1) For further details, see the following table and the "Additional information related to compliance with IFRS" section.

TABLE OF ADJUSTMENTS

The following table shows the various adjustments used to calculate adjusted EBITDA.

(in thousands of US dollars)	Fourth Quarter		Year to date	
	2011	2010	**2011**	2010
Expenses related to the development and deployment of the enterprise resource planning system (ERP) (1)	**1,066**	774	**3,141**	4,624
Expenses related to network reorganization and closure of stores (2)	**305**	342	**1,525**	877
Total of adjustments	**1,371**	1,116	**4,666**	5,501

(1) Notably includes costs related to data conversion, employee training and deployment in various sites.
(2) Primarily costs related to terminating leases, workforce and expenses required to relocate inventory, losses and write-off of property and equipment.

SALES

Organic growth of 2.5% for 2011 compared to 1.8% in 2010.

This organic growth is the result of the following initiatives:

- **The recruitment of new clients in the sector of paint products and bodyshop accessories;**
- **The signing of national supply agreements;**
- **The additional deployment of the Beck/Arnley™ imported-vehicle parts;**
- **The increased use of AutoExtra™ private label products.**

FOURTH QUARTER

The 43.0% increase in sales for the quarter compared to the same period of last year is primarily due to:

- The FinishMaster, Inc. acquisition, which had a positive impact of 34.5%;
- The Parts Depot acquisition, which had a positive contribution of 4.8%; and
- Organic growth of 3.4%; comprised of 4.2% growth in the United States and 1.6% in Canada;

Partially offset by:

- One less billing day in Canada;
- The effects of the variation of the Canadian dollar compared to the US dollar that had a unfavourable impact of 1.3 million dollars on sales;
- The loss of sales that stems from the closing of unprofitable stores and/or in areas with lesser growth potential in the United States and the disposal of stores.

YEAR TO DATE

The 38.5% increase in sales for 2011 compared to the same period of last year is primarily due to:

- The FinishMaster, Inc. acquisition, which had a positive impact of 32.5%;
- The Parts Depot acquisition, which had a positive contribution of 1.2%;
- Organic growth of 2.5%; comprised of 2.1% growth in the United States and 3.5% in Canada;
- The effects of the variation of the Canadian dollar compared to the US dollar that had a favourable impact of 21.6 million dollars on sales;

Partially offset by the impact on sales that stems from the closure of unprofitable stores and/or in areas with lesser growth potential in the United States and the disposal of stores.

ADJUSTED EBITDA

FOURTH QUARTER

The adjusted EBITDA margin is 5.2% of sales compared to 5.0% for the same period of last year.

This increase in the adjusted EBITDA margin is mainly attributable to an improvement of the gross margin due to:

- Higher profit on inventory stemming from price increases in the United States and in Canada;
- Improved purchasing conditions obtained from main suppliers;
- Additional margin on inventories purchased at a discount price.

The contribution from FinishMaster™ and Parts Depot operations as well as the decrease in operating expenses of the stores which were closed and/or sold in 2010 also had a favourable impact on the EBITDA margin.

Also, the following have had a unfavourable impact on the adjusted EBITDA margin to mitigate the aforementioned factors:

- The gross margin was negatively impacted by an unfavourable change in the mix of clients served, as well as pressures on selling prices due to prevailing economic conditions and competition.
- Higher information technology maintenance costs related to the new enterprise resource planning (ERP) system, such as the hosting of servers during the transition period between systems.

YEAR TO DATE

The adjusted EBITDA margin is 6.2% of sales, a 0.1% decrease compared to the same period of last year.

This slight decrease is primarily due to the same factors cited for the quarter with the exception of the contribution from recent acquisitions, which had a relatively greater impact in the quarter than in the financial year.

Moreover, the increase in delivery costs and public services that stem from rising energy prices had a negative impact on the financial year. The implementation of corrective measures during the year, such as the reorganization of delivery routes, has helped to reduce this negative impact during the fourth quarter.

ANALYSIS OF OTHER ITEMS AND AMOUNTS RELATED TO CONSOLIDATED RESULTS

GAIN ON DISPOSAL OF PROPERTY AND EQUIPMENT

(in thousands of US dollars)	Fourth Quarter		Year to date	
	2011	2010	**2011**	2010
Gain on disposal of property and equipment	**–**	–	**1,728**	–

In the first quarter, the Corporation disposed of two buildings. The net gain resulting from these transactions is presented separately in the statement of earnings.

ACQUISITION-RELATED COSTS

(in thousands of US dollars)	Fourth Quarter		Year to date	
	2011	2010	**2011**	2010
Acquisition-related costs	**301**	–	**3,277**	–

FOURTH QUARTER

The expenses incurred in the fourth quarter refer to the acquisition in late October of certain Parts Depot assets in Florida.

YEAR TO DATE

In addition to expenses related to the acquisition of certain Parts Depot assets, the expenses for 2011 also refer to expenses related to the acquisition of FinishMaster, Inc. early in the year.

In accordance with IFRS, these expenses are now immediately recognized in the Statement of Earnings, whereas they were previously capitalized as goodwill. These expenses are presented separately in the Statement of Earnings. *(For further details, see notes 3 and 8 in the Consolidated Financial Statements).*

FINANCE COSTS

(in thousands of US dollars)	Fourth Quarter		Year to date	
	2011	2010	**2011**	2010
Finance costs, net	**4,559**	2,245	**17,283**	6,948

FOURTH QUARTER

The increase in finance costs is primarily due to the financing of the FinishMaster, Inc. and Parts Depot acquisitions.

An increase in interest rates, following the renewal of the banking agreement has also had a negative impact.

(For further details on finance costs, see note 6 in the Consolidated Financial Statements)

YEAR TO DATE

The increase in finance costs for the financial year reflects the same factors as those cited for the quarter.

These items were, however, somewhat lessened by capitalized interest with respect to the development of the enterprise resource planning system. Interest capitalization ceased at the deployment of the first wave of implementation in November.

DEPRECIATION AND AMORTIZATION

(in thousands of US dollars)	Fourth Quarter		Year to date	
	2011	2010	**2011**	2010
Depreciation and amortization	**5,738**	2,701	**22,166**	12,132

FOURTH QUARTER

The increase in depreciation and amortization is mainly attributable to the recently acquired assets, both tangible and intangible, of FinishMaster, Inc. and Parts Depot.

YEAR TO DATE

The increase in depreciation and amortization for the financial year reflects the same factors as those cited for the quarter.

In addition, the Corporation has proceeded with impairment tests of “goodwill” and “intangible assets with indefinite useful life” as at October 1, 2011, and it was determined that there was no impairment to be recognized.

(For further details on depreciation and amortization as well as impairment tests, see management report section 12 “Use of accounting estimates” as well as notes 3 and 7 of the Consolidated Financial Statements)

INCOME TAXES

(in thousands of US dollars, except for percentages)	Fourth Quarter		Year to date	
	2011	2010	**2011**	2010
Income taxes	**(896)**	(886)	**8,290**	11,210
Effective tax rate	***(8.3%)***	*(9.6%)*	***12.9 %***	*20.0%*

FOURTH QUARTER

The fourth quarter registered an income tax collection as a result of the benefits from the financing structure materializing in a linear manner, contrarily to earnings from operations, which show a certain seasonality.

The increase of the effective tax rate for the fourth quarter of 2011 compared to the same period of last year is mainly due to a change in the geographical weighting, partly offset by the financing structure implemented at the end of 2009 which was augmented this past January through an increase in funds borrowed to finance the FinishMaster™ acquisition.

YEAR TO DATE

The reduction of the effective tax rate for year is mainly due to the financing structure implemented at the end of 2009 which was augmented this past January through an increase in funds borrowed to finance the FinishMaster™ acquisition, partly offset by a change in the geographical weighting.

(For further details on the tax rate, see note 12 in the Consolidated Financial Statements)

EARNINGS AND EARNINGS PER SHARE

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

(in thousands of US dollars, except per share amounts and percentages)	Fourth Quarter			Year to date		
	2011	2010	%	**2011**	2010	%
Net earnings attributable to shareholders, as reported	**11,746**	9,326	25.9	**56,545**	44,180	28.0
Loss from discontinued operations	**–**	914		**–**	914	
Net earnings from continuing operations	**11,746**	10,240	14.7	**56,545**	45,094	25.4
Gain on disposal of property and equipment, net of taxes	**–**	–		**(1,665)**	–	
Acquisition-related costs, net of taxes	**161**	–		**2,535**	–	
Non-recurring items, net of taxes	**901**	608		**3,067**	3,442	
Adjusted earnings	**12,808**	10,848	18.1	**60,482**	48,536	24.6
Earnings per share attributable to shareholders, as reported	**0.54**	0.47	14.9	**2.61**	2.24	16.5
Loss from discontinued operations	**–**	0.05		**–**	0.05	
Earnings per share from continuing operations	**0.54**	0.52	3.8	**2.61**	2.29	14.0
Gain on disposal of property and equipment, net of taxes	**–**	–		**(0.08)**	–	
Acquisition-related costs, net of taxes	**0.01**	–		**0.12**	–	
Non-recurring items, net of taxes	**0.04**	0.03		**0.14**	0.17	
Adjusted earnings per share	**0.59**	0.55	7.3	**2.79**	2.46	13.4
Dilutive effect of convertible debentures (1) and options	**–**	–		**(0.02)**	–	
Adjusted diluted earnings per share	**0.59**	0.55	7.3	**2.77**	2.46	12.6

(1) For further details on the dilutive effect of convertible debentures, see note 10 in the Consolidated Financial Statements

7. CASH FLOWS, SOURCES OF FINANCING AND FINANCIAL POSITION

CASH FLOWS

The following table shows the Corporation's ability to generate significant cash flows and to match cash inflows with forecast disbursements.

(in thousands of US dollars)	Fourth Quarter		Year to date	
	2011	2010	**2011**	2010
EBITDA	**21,361**	14,180	**105,268**	75,118
Other non-cash items	**(177)**	213	**210**	814
Interest paid	**(2,549)**	(2,424)	**(14,865)**	(6,939)
Income taxes paid	**(199)**	(7,038)	**(9,158)**	(17,123)
Acquisitions of property and equipment	**(2,745)**	(1,844)	**(10,702)**	(8,203)
Free cash flow	**15,691**	3,087	**70,753**	43,667
Increase in long-term debt	**45,559**	297	**373,033**	322
Issuance of convertible debentures, net of issuance costs	**–**	–	**49,741**	–
Issuance of shares, net of issuance costs	**235**	–	**49,596**	89
Disposals of property and equipment	**–**	506	**5,984**	1,606
Proceeds from business disposals	**–**	729	**157**	2,914
Total funds generated during the period	**61,485**	4,619	**549,264**	48,598
Trade and other receivables	**31,774**	8,220	**3,640**	(9,714)
Inventory	**(47,626)**	(19,145)	**(63,940)**	(24,642)
Prepaid expenses	**1,203**	(860)	**3,827**	(2,046)
Trade and other payables and provisions	**9,547**	3,222	**22,089**	11,883
Working capital items	**(5,102)**	(8,563)	**(34,384)**	(24,519)
Business acquisitions (incl. acquisition – related costs)	**(32,907)**	–	**(258,885)**	(4,008)
Repayment of long term debt	**(1,640)**	(17)	**(198,585)**	(90)
Development of intangible assets	**(3,690)**	(8,622)	**(24,847)**	(37,119)
Net increase (decrease) in bank indebtedness	**(10,736)**	10,658	**(10,681)**	11,118
Dividends paid	**(2,590)**	(2,177)	**(10,270)**	(8,858)
Receipts on advances to merchant members	**(2,256)**	(165)	**(8,705)**	791
Total funds used during the period	**(58,921)**	(8,886)	**(546,357)**	(62,685)
Other	**(1,137)**	(1,110)	**(1,615)**	(678)
Cash at beginning of the period	**244**	5,756	**379**	15,144
Cash at the end of the period	**1,671**	379	**1,671**	379

The most significant cash flows are closely linked to the two main initiatives to which the Corporation committed during the year:

1) Growth through i) the FinishMaster, Inc acquisition as well as the acquisition of certain Parts Depot assets in Florida, which required the renewal of the banking agreement and, ii) obtaining a new long-term debt which was used in part to iii) reimburse the former credit facility. In order to complete the financing, the Corporation has also iv) issued convertible debentures and v) issued shares;
2) The development and deployment of the enterprise resource planning system (development of intangible assets).

In greater detail, here are the various items which have generated/used cash flows:

Free cash flow
The increase in free cash flows is mainly attributable to the performance of FinishMaster™ operations which have surpassed its financing cost. In addition, the increase of the financing structure has permitted the Corporation to reduce the corporate tax rate and therefore, reduce related cash disbursements.

New long-term debt
The increase long-term debt stems from the new credit facility, the proceeds of which were used to reimburse the former credit facility and to finance the FinishMaster, Inc. acquisition and certain Parts Depot assets. *(For further information, see "Sources of financing" section and note 18 in the Consolidated Financial Statements).*

Issuance of convertible debentures and issuance of shares
In order to complete the financing of the FinishMaster, Inc. acquisition, the Corporation issued convertible debentures as well as shares. *(For further information, see notes 18 and 20 in the Consolidated Financial Statements).*

Working capital items
Trade and other receivables: The variance is essentially due to the seasonality of sales.

Inventory: The increase in inventories is mainly due to special purchases made at the end of the year both in 2011 as well as in 2010 with certain suppliers in order to benefit from timely discounts and to face seasons of high demand consequently avoiding delivery delays.

Trade and other payables and provisions: The increase in trade and other payables and provisions in 2011 is primarily related to the aforementioned special purchases as well as the increased use of the vendor financing program.

Reimbursement of long-term debt
This past January, the Corporation renegotiated all of its credit agreements and settled its former debt from the proceeds of the new credit facility.

Business acquisitions
Primarily relates to the acquisition of FinishMaster, Inc. announced on January 11, 2011 as well as of certain Parts Depot assets. *(For more details, see note 8 in the Consolidated Financial Statements.)*

Development of intangible assets
Almost exclusively related to the development of the enterprise resource planning system. The first wave of operational implementation has begun in November.

Purchase of various property and equipment
These purchases mainly consist of equipment for the opening of a new warehouse, the renewal of computer equipment as well as the renewal of the fleet of vehicles.

Payment of dividends
Payment of dividends to common shareholders of CAD$0.12 per share for the quarter and CAD$0.48 for the year.

SOURCES OF FINANCING AND FUND REQUIREMENTS

The Corporation has the tools at hand to financially support its initiatives.

SOURCES OF FINANCING

AVAILABLE CREDIT FACILITIES

On January 6, 2011, a new unsecured credit facility, with a 5-year term, replaced the Corporation's existing credit facilities. This agreement was amended in October, following the acquisition of certain Parts Depot assets, so as to increase the available amount in order to give the Corporation greater flexibility. The new agreement consists of two components. The first component is a term loan of $200,000 repayable through increasing quarterly instalments and bearing interest at the LIBOR rate plus 2.3%; the second is a $250,000 long-term revolving credit facility bearing interest at variable rate. *(For more information on available credit facilities, see note 18 of Consolidated Financial Statements)*

As at December 31, 2011, the Corporation had a remaining availability on its credit facilities of $82,000 ($147,000 as at December 31, 2010).

VENDOR FINANCING PROGRAM

The Corporation benefits from a vendor financing program. Under this program, financial institutions make discounted accelerated payments to suppliers, and the Corporation makes full payment to the financial institution, according to the new extended terms agreed to with suppliers.

As at December 31, 2011, under these agreements, Uni-Select deferred payment of account payables in the amount of $55,357 ($41,523 as at December 31, 2010). These amounts are presented in the trade and other payables and provisions in the consolidated statement of financial position. This program is available upon request and may be modified by either party. As at December 31, 2011, the Corporation had an authorized limit of $75,000 for this program.

CONVERTIBLE DEBENTURES

To finance the FinishMaster™ acquisition, the Corporation issued convertible unsecured subordinated debentures bearing interest at a rate of 5.9% per annum. The convertible debentures are convertible at the holder's option into the Corporation's common shares at a conversion rate of CAD$41.76 per share. *(For more information on convertible debentures, see note 18 of Consolidated Financial Statements)*

FINANCIAL INSTRUMENTS

The Corporation uses financial derivatives to reduce the interest-rate risks to which its debt is exposed. The Corporation does not use financial instruments for trading or speculative purposes. In 2008, the Corporation 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, for a nominal amount of $120,000, mature in a series of three consecutive tranches of $40,000 due in 2011, 2012 and 2013, and bear an average interest rate of 3.68%. In 2011, the first tranche of $40,000 came to maturity; the two remaining tranches maturing in 2012 and 2013, respectively. *(For more information on financial instruments, see note 27 of Consolidated Financial Statements)*

Furthermore, in November, the Corporation entered into new interest-rate swap agreements, effective as of January 4, 2012, for a total nominal value of $80,000, bearing interest at an average rate of 0.97% and maturing in 2016.

The following table summarizes interest-rate swap agreements and their respective maturities:

			Maturity				
Nominal amount at signing	Amount as of December 31, 2011	Average fixed rate	2012	2013	2014	2015	2016
120,000	80,000	3.68%	40,000	40,000	–	–	–
80,000	80,000	0.97%	–	–	–	–	80,000
200,000	160,000		40,000	40,000	–	–	80,000

FUND REQUIREMENTS

With its ability to generate liquid assets and the credit facility at its disposal, the Corporation has the funds it needs to cover its various cash requirements, primarily including:

	2012
Purchase of various fixed assets, primarily for the development of information systems equipment and the modernization of its vehicles fleet in the United States	$30,000
Short-term portion of long-term debt	$16,000
Dividend payment, according to its policy	$11,000
Implementation of an enterprise resources planning system	$ 7,000
As well as the payment of its various operational and contractual obligations.	

The following table summarizes the contractual maturities and estimated future interest payments as at December 31, 2011:

(in thousands of dollars)	Montant amount	Maturing Under 1 year	1 to 3 years	Over 3 years
Non derivative financial instruments				
Bank indebtedness	497	514	–	–
Trade and accounts payable and provisions	301,415	301,415	–	–
Dividends payable	2,552	2,552	–	–
Long-term debt	352,873	25,872	84,934	291,855
Convertible debentures	47,225	3,000	9,001	52,355
Interest	2,333	2,333	–	–
Merchant-members' deposits in guarantee fund	7,897	300	158	7,877
	714,792	335,986	94,093	352,087
Financial derivatives designated as hedging	2,505	2,283	645	–
	717,297	338,269	94,738	352,087

CAPITAL STRUCTURE

Flexibility and returns to shareholders

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

INDEBTEDNESS

The Corporation strives to maintain the following objectives:

- **A ratio of total indebtedness (net of cash) to total net indebtedness plus total shareholders' equity of less than 45%;**
- **A ratio of long-term debt to total shareholders' equity of less than 125%;**
- **A ratio of loan-financed debt to EBITDA not exceeding 3.5.**

These ratios do not constitute the calculations required in banking commitments but rather those that the Corporation considers pertinent to follow as a way of ensuring flexibility in the capital structure. However, for purposes of compliance, the Corporation periodically reassesses the requirements of its bank credit to ensure that they are being met. As at December 31, 2011, the Corporation meets all the requirements. *(For further details, see note 26 of Consolidated Financial Statements)*

(in thousands of US dollars, except for percentages)	**Objectives**	**Dec. 31, 2011**	Dec. 31, 2010
Long-term debt		**360,770**	178,602
Total net debt		**359,596**	189,678
Total shareholders' equity		**472,557**	381,969
Total net debt on total net debt plus total shareholders' equity	*Less than 45%*	***40.9%***	*33.2%*
Long-term debt on total shareholders' equity ratio	*Less than 125%*	***69.4%***	*46.8%*
Funded debt to EBITDA ratios	*Maximum 3.5*	***3.31***	*2.53*

The variances in indebtedness ratios are directly attributable to:

Increased indebtedness arising from the financing of the purchase price of the FinishMaster, Inc. acquisition as well as of certain Parts Depot assets, and of the increase in working capital, partly offset by an increase in shareholders' equity following the issuance of convertible debentures and common shares in order to complete the financing.

SHAREHOLDERS' EQUITY

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

- **A return on average total shareholders' equity of 9% greater than the risk-free interest rate; and**
- **A dividend corresponding to approximately 20% of the previous year's net earnings.**

Return on average total shareholders' equity

The return on average total shareholders' equity in 2011, at 12.5%, has remained unchanged compared to 2010; earnings from FinishMaster™ having been sufficient to offset the additional financing cost and the increase in total shareholders' equity generated by the issuance of shares required for its acquisition.

INFORMATION ON CAPITAL STOCK

(in thousands of shares)	Fourth Quarter		Year to date	
	2011	2010	**2011**	2010
Number of shares issued and outstanding	**21,637**	19,708	**21,637**	19,708
Weighted average number of outstanding shares	**21,653**	19,708	**21,646**	19,717

As at March 8, 2012, the Corporation had 21,636,267 shares outstanding and unexercised options for 61,769 shares. *(Additional information on the stock option plan intended for officers and senior executives as at December 31, 2011, is presented in Note 20 of the Consolidated Financial Statements contained in the 2011 Annual Report.)*

Issuance of shares

In order to complete the FinishMaster, Inc. acquisition, the Corporation issued 1,983,750 common shares. The monetary impact on share capital has been an increase of $49,980, representing proceeds of $49,361 net of transactions fees and $619 in income tax savings related to deferred share issue costs.

Normal course issuer bid

For the period ended December 31, 2011, the Corporation repurchased 70,800 common shares for cash consideration of $1,855 including a premium of $1,481 applied against retained earnings. In 2010, the Corporation repurchased 14,700 common shares for cash consideration of $366 including a premium of $330 applied against retained earnings.

Dividends

The Corporation paid $10,270 in dividends (CAD$0.48 per share) in 2011, compared with $8,858 (CAD$0.47 per share) for the year ended December 31, 2010. This increase pertained to the outstanding number of shares as well as the increase in net earnings. The fourth quarterly dividend in 2011, in the amount of CAD$0.12 per share, was declared on November 8, 2011, and paid on January 20, 2012, to shareholders of record as at December 31, 2011. On March 8, 2012, the Corporation also declared a dividend of CAD$0.13 per share, to be paid on April 20, 2012, to shareholders on record as at March 31, 2012.

FINANCIAL POSITION

The main variances in the consolidated statement of financial position items stem from the FinishMaster, Inc. and certain Parts Depot assets acquisitions as well as the fluctuation of the exchange rates.

The following table shows an analysis of the main items in the consolidated statement of financial position.

(in thousands of US dollars)	**Dec. 31 2011**	Dec. 31 2010	Variance	Impact of business acquisitions or disposals	Exchange rate impact	Net variance	Explanations for net variances
Working capital excluding cash, bank indebtedness and instalments on long-term debt and on merchant members' deposits in the guarantee fund	**510,366**	383,248	127,118	83,301	(1,265)	45,082	The increase is mainly due to special purchases made at the end of the year and the increase in inventory in preparation for seasons of high demand, partly offset by the increased use of the vendor financing program.
Property and equipment	**43,134**	32,472	10,662	11,278	(30)	(586)	Explained by the acquisition of vehicle fleet partially compensated by the disposal of two buildings as well as the period's amortization.
Intangible assets	**156,958**	61,181	95,777	78,302	(367)	17,842	Mainly due to the development of the enterprise resource planning system.
Goodwill	**184,734**	94,725	90,009	90,681	(672)	–	–
Post employment benefit obligations	**24,590**	15,413	9,177	–	(255)	9,432	The variation is mainly due to the increase in the actuarial deficit.
Long-term debt, including short-term portion	**353,013**	170,879	182,134	158,616	(688)	24,206	The use of long-term debt is explained by the increase in working capital, partially offset by cash flows generated from operations.
Convertible debentures	**47,225**	–	47,225	47,495	(1,091)	821	Primarily attributable to the amortization of financing costs accounted for as a reduction of the debt.
Deferred tax liabilities	**34,077**	17,830	16,247	12,206	–	4,041	The increase is explained by the timing differences of the year.
Share capital	**88,940**	39,099	49,841	49,980	–	(139)	Mostly explained by the repurchase of shares under the Normal course issuer bid.

8. RELATED PARTY TRANSACTIONS

The Corporation incurred rental expenses of $854 ($845 in 2010) for the fourth quarter and $3,500 ($3,304 in 2010) for the twelve-month period ended December 31, 2011 to the benefit of Clarit Realty Ltd, an entity controlled by a director of the Corporation. These lease agreements were concluded in the Corporation's normal course of business, are negotiated at the exchange amount, and have variable terms of no more than 5 years.

9. CONSOLIDATED QUARTERLY OPERATING RESULTS

Quarterly results are affected by seasonal factors. The Corporation records earnings in each quarter, but the second and third quarters have historically generated higher sales than the first and fourth quarters. It should be noted that for 2011, earnings include the sales of FinishMaster™, acquired on January 11, 2011, to which is added sales from operations acquired from Parts Depot in the fourth quarter, thus affecting all comparison with quarters from the prior year.

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

	2011				2010			
(in thousands of US dollars, except per share amounts and percentages)	**4th Quarter**	**3rd Quarter**	**2nd Quarter**	**1st Quarter**	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Sales								
United States	**313,169**	**322,901**	**324,774**	**281,435**	180,846	204,753	210,348	185,889
Canada	**123,481**	**149,590**	**149,871**	**115,349**	124,570	130,564	138,836	109,569
	436,650	**472,491**	**474,645**	**396,784**	305,416	335,317	349,184	295,458
Adjusted EBITDA	**22,732**	**30,759**	**33,304**	**23,139**	15,296	25,613	24,750	14,960
Adjusted EBITDA margin	***5.2%***	***6.5%***	***7.0%***	***5.8%***	*5.0%*	*7.6%*	*7.1%*	*5.1%*
EBITDA	**21,361**	**29,904**	**32,303**	**21,700**	14,180	23,542	23,591	13,805
Adjusted earnings from continuing operations	**12,808**	**17,186**	**19,141**	**11,347**	10,848	14,485	15,266	7,937
Earnings from continuing operations	**11,746**	**16,633**	**18,504**	**9,662**	10,240	13,152	14,519	7,183
Net earnings	**11,746**	**16,633**	**18,504**	**9,662**	9,326	13,152	14,519	7,183
Adjusted basic earnings per share from continuing operations	**0.59**	**0.79**	**0.88**	**0.53**	0.55	0.73	0.77	0.40
Basic earnings per share from continuing operations	**0.54**	**0.77**	**0.85**	**0.45**	0.52	0.67	0.74	0.36
Basic earnings per share	**0.54**	**0.77**	**0.85**	**0.45**	0.47	0.67	0.74	0.36
Diluted earnings per share	**0.54**	**0.75**	**0.84**	**0.45**	0.47	0.67	0.74	0.36
Dividends paid per share (CAD$)	***0.120***	***0.120***	***0.120***	***0.117***	*0.117*	*0.117*	*0.117*	*0.117*
Average exchange rate for earnings	**0.98**	**1.02**	**1.03**	**1.01**	0.99	0.96	0.97	0.96

10. RISK MANAGEMENT

Uni-Select regularly updates its system of analysis and of operational, strategic and financial risk control, implemented throughout recent years. Accordingly, the Corporation continuously manages and implements numerous operations whose objective is to mitigate the main risks mentioned below.

Industry and economy-related risks

The motor vehicle replacement parts and accessories distribution market is partly dependent on economic conditions, the scope and use of the vehicle fleet, and advances in technology. Other more structural factors, such as inflation, fuel prices, and foreign exchange and interest-rate fluctuations, may also affect the Corporation's results.

Economic climate

The economic climate has a moderate impact on sales of automotive replacement parts and on the Corporation'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 52% 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 in 2008 and 2009 has resulted in an aging vehicle fleet, leading to an increase in demand for replacement parts.

The automotive aftermarket industry 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 Corporation 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.

Distribution by the manufacturer directly to consumers

The distribution of paint depends on the supplying of products to the Corporation by certain large suppliers. Nothing can guarantee that these suppliers will supply the Corporation with paint at favourable terms in the future. It is possible that these suppliers distribute their products directly to the customers of the Corporation, which would cause an adverse effect on the profitability of the Corporation's business. In order to reduce risks, Uni-Select retains harmonious business relationships with large paint manufacturers and offers loyalty programs to their body shop customers, thereby creating value for both of them.

Products

Uni-Select primarily distributes parts and products from well-known and well-established North American manufacturers. These manufacturers generally take responsibility for products that are defective, poorly designed or non-compliant with their intended use. To a lesser extent, Uni-Select imports various parts and products from foreign sources; with respect to these parts, the success of an eventual appeal against a supplier or manufacturer is uncertain. The Corporation protects itself with liability insurance.

In addition, transport logistics between the country of origin and the markets supplied increase the risk of stock outages.

Technology
Ongoing technological developments in recent years is requiring distributors and wholesalers 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 wholesalers, their employees and their customers. It provides its customers 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 Corporation'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 Corporation 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. Fuel prices are also affecting the Corporation's delivery costs in the United States.

Exchange rates
Exchange-rate fluctuations between the United States and Canadian currencies can affect the value of the Corporation's consolidated sales in American 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. The most recent analysis of the Corporation shows that a $0.01 variation in the value of the Canadian dollar versus the United States currency would have an impact of $0.014 per share on the Corporation'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 Corporation relatively well against risks from a sharp rise in interest rates. The Corporation signed contracts to exchange variable rates on $160,000 of debt for fixed rates. All things being equal, a favourable or unfavourable variation of 0.25% in the base rate would have an impact on results of approximately $0.015 per share.

Environmental risks
The industry of paint distribution involves a certain level of environmental risk. The damages or destruction by fire to warehouses, specialised in the storage of such products, resulting in the discharge of paint, can cause environmental consequences such as soil or air pollution, among others. These specialised warehouses are generally well equipped to reduce such risks. This includes up-to-date sprinkler systems and retention basins in the event of an accidental discharge.

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 Corporation to take special measures to promote its merchant members' 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 purchasing conditions, proactive management of product selection, highly efficient distribution services, innovative marketing programs and various support services, such as training and financing. In the context of industry consolidation, which is also occurring at the jobber level, the Corporation has developed programs designed to facilitate its merchants' expansion through acquisitions.

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

The Corporation'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 Corporation 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.

Business and financial systems

The Corporation's growth-by-acquisition strategy has led to a proliferation of business systems in the United States. In the last few years, the Corporation 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 further growth, in 2009, management selected the SAP software and successfully proceeded with the installation of its finance modules in July of 2010. In 2011, the Corporation successfully proceeded with the deployment of its operational modules in 7 distribution centers and 21 stores. In 2012 and 2013, the Corporation will pursue the gradual and orderly deployment of the enterprise resource planning system.

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 include a number of automated controls that are currently performed independently, therefore constituting compensatory controls. Standardization of processes will also facilitate the day-to-day management of operations.

The development phase having been completed in 2011, implementation is the sole risk that persists.

The inability to pursue the deployment and integration of these systems within a reasonable delay could affect the Corporation's ability to achieve the expected financial results.

Human resources

During this period of active change, Uni-Select must attract, train and retain a large number of competent employees, while controlling payroll. Labour costs are subjects to numerous external factors, such as wage rates, fringe benefits and the availability of timely local skilled resources. The inability to attract, train and retain employees could affect the Corporation's growth capacity as well as its financial performance.

11. VISION 2012

Uni-Select's mission and its vision for 2012 remain unchanged.

During the next financial year, the Corporation will continue to focus on the following objectives:

- Maintaining efforts to increase the efficiency of existing operations through increased sales, improved productivity and buying conditions as well as improved controls over costs;
- Pursue the integration of FinishMaster™ activities as well as those related to assets recently acquired from Parts Depot; and
- Focus on the orderly deployment of the enterprise resource planning system.

Management is confident that it will continue to improve profitability. Increased profitability combined with sound management of assets and working capital will result in a reduction of the debt to the level that our investors and shareholders are accustomed to.

12. USE OF ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of financial statements in accordance with IFRS requires Management to apply judgment and to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to the financial statements. Judgment is commonly used in determining whether a balance or transaction should be recognized in the Consolidated Financial Statements and estimates and assumptions are more commonly used in determining the measurement of recognized transactions and balances. However, judgment and estimates are often interrelated. Such estimates are based on management's best knowledge of current events and actions that the Corporation may take in the future. Actual results may differ if such estimates are modified.

Information about the most significant uses of judgment, estimates and assumptions in the Corporation's Consolidated Financial Statements are provided in Notes 2 and 3 to the Consolidated Financial Statements, however 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 Corporation's cash generating units ("CGUs") with their book value. If the book value of a CGU exceeds its fair value, the Corporation compares the fair value of any goodwill relating to the CGU to its book value. An impairment loss equal to the amount of the excess is charged to earnings. The fair value of the CGU is calculated using discounted cash flows. Based on the impairment tests performed during the fourth quarter of 2011, and taking into account the various assumptions and estimates, the Corporation concluded that no goodwill impairment charge was required.

Unamortizable trademarks are also tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the future discounted cash flows expected from the asset. The loss is determined by comparing the book value of the asset to its fair value. The fair value is based on discounted cash flows. Based on the last impairment tests performed, and taking into account the various assumptions and estimates, the Corporation 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 Corporation 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 statement of financial position. Management must make estimates and judgments when establishing such allowances. In the event that actual market conditions are less favourable than the Corporation's assumptions, additional allowances could prove necessary.

Income taxes

The Corporation uses its best judgment to determine its current and deferred 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 Corporation 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 Corporation 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 unit credit method. This method is based on management's best economic and demographic estimates for expected plan investment performance, salary escalation and retirement ages of employees. The use of different assumptions could generate different accounting values for accrued benefits, affecting the cost of the defined benefit plans.

Vendor rebates

Uni-Select negotiates purchasing agreements with its suppliers that provide for the payment of volume rebates. Consequently, the purchasing agreements between Uni-Select and its Canadian merchants, as well as some of its United States clients, also provide for the payment of rebates 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 rebates granted to its clients on the basis of market conditions for the products concerned. Uni-Select records merchant rebates as a reduction of sales. The rebates earned from suppliers are recorded as a reduction of cost of sales. The net discount applicable to a targeted product is deducted from the year-end inventory valuation.

13. CHANGES IN ACCOUNTING POLICIES

International Financial Reporting Standards (IFRS)

In February 2008, the Canadian Accounting Standards Board of the CICA announced that the use of IFRS established by the International Accounting Standards Board would be required for fiscal years beginning January 1, 2011, for publicly accountable profit-oriented businesses. IFRS replaced the Canadian Generally Accepted Accounting Principals («GAAP»). However, following the completion of analysis work, certain modifications have been made. *(For further details, see note 30 of Consolidated Financial Statements).* The financial statements of the previous year as well as the opening statement of financial position as at January 1, 2010 have been restated.

The different positions and impacts were discussed in the annual management report as at December 31, 2010 which can be found on the SEDAR website at the following address: www.sedar.com.

In note 30 of the consolidated financial statements, the Corporation presents the elections it made with respect to IFRS 1 "First-time Adoption of International Financial Reporting Standards", which contains certain optional exemptions. In this note, the Corporation also presents the reconciliation of Canadian GAAP to IFRS for the statements of financial position, equity as at January 1, 2010, and December 31, 2010, as well as the statement of earnings and comprehensive income for the period ended December 31, 2010.

14. FUTURE ACCOUNTING CHANGES

Consolidated financial statements

In May 2011, the International Accounting Standards Board ("IASB") issued IFRS 10 "Consolidated Financial Statements". IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and reporting policies of an entity as to obtain benefits from its activities. IFRS 10 replaces SIC-12 "Consolidation-Specific Purpose Entities", and parts of IAS 27 "Consolidated and Separate Financial Statements".

Joint arrangements

In May 2011, the IASB issued IFRS 11 "Joint Arrangements", which supersedes IAS 31 "Interests in Joint Ventures", and SIC-13 "Jointly Controlled Entities – Non-monetary Contributions by Venturers". IFRS 11 focuses on the rights and obligations of a joint arrangement, rather than its legal form as is currently the case under IAS 31. The standard addresses inconsistencies in the reporting of joint arrangements by requiring the equity method to account for interests in jointly controlled entities. The Corporation currently uses the proportionate consolidation method to account for interests in joint ventures, but must apply the equity method under IFRS 11. Under the equity method, the Corporation's share of net assets, net income and other comprehensive income of joint ventures will be presented as one-line item on the Consolidated Statements of Financial Position, the Consolidated Statements of Earnings and the Consolidated Statements of Comprehensive Income, respectively.

Disclosure of interests in other entities

In May 2011, the IASB issued IFRS 12 "Disclosure of Interests in Other Entities". IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard confirms forward existing disclosures and introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

Fair value measurement

In May 2011, the IASB issued IFRS 13 "Fair Value Measurement". IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosure requirements about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Employee benefits

In June 2011, the IASB issued an amendment to IAS 19 "Employee Benefits" relating to the accounting for defined benefit pension plans and termination benefits. This amendment eliminates certain presentation choices currently permitted under IAS 19 and requires additional disclosures concerning the risks stemming from defined benefit plans.

All the above standards are required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Corporation has not yet assessed the impact of these standards or determined whether it will adopt them earlier.

Financial instruments – Presentation
The IASB has issued an amendment to IAS 32 "Financial Instruments: Presentation", focusing on the meaning of "currently has a legally enforceable right of set-off"and the application of simultaneous realisation and settlement, the offsetting of collateral amounts, and the unit of account for applying the offsetting requirements. This amendment is effective for annual periods beginning on or after January 1, 2014. The Corporation has not yet assessed the impact of the standard.

Financial instruments
IFRS 9 was issued in November 2009. It addresses classification and measurement of financial assets and replaces measurement models in IAS 39 "Financial Instruments: Recognition and Measurement" for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through net earnings.

IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through net earnings or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in net earnings; however, other gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

In December 2011, the effective date of this standard was amended to annual periods beginning on or after January 1, 2015, with earlier adoption permitted. The Corporation has not yet assessed the impact of this standard or determined whether it will adopt it earlier.

Financial instruments – Disclosures
The "IASB" has issued an amendment to IFRS 7 "Financial Instruments: Disclosures", requiring incremental disclosures regarding transfers of financial assets. This amendment is effective for annual periods beginning on or after July 1, 2011.

The IASB has issued an amendment to IFRS 7, requiring disclosure about all recognized financial instruments that are offset in accordance with IAS 32 or that are subject to enforceable netting arrangements. This amendment is effective for annual periods beginning on or after January 1, 2013. The Corporation has not yet assessed the impact of the standard.

Financial statement – Presentation
In June 2011, the IASB issued an amendment to IAS 1 "Presentation of Financial Statements". The amendment requires entities to group together items of other comprehensive income that might be reclassified to profit or loss in subsequent periods separately from items that will not be reclassified to profit or loss in subsequent periods. This amendment is effective for fiscal years beginning on or after July 1, 2012.

15. ADDITIONAL INFORMATION RELATED TO COMPLIANCE WITH IFRS

The following table presents measures that are not performance measures consistent with IFRS.

Organic growth	This measure consists of quantifying the increase in pro forma consolidated sales between two given periods, excluding the impact of acquisitions, sales and disposals of stores, exchange-rate fluctuations and, when necessary, the variance in the number of billing days. Uni-Select uses this measure because it enables the Corporation to judge the intrinsic trend in the sales generated by its operational base in comparison with the rest of the market. Determining the rate of organic growth, which is based on findings that Management regards as reasonable, may differ from the actual rate of organic growth.
EBITDA	This measure represents operating profit before gain on disposal of property and equipment, acquisition related costs, depreciation and amortization, finance costs, income taxes, losses from discontinued operations and net earnings attributable to non-controlling interest. This measure is a widely accepted financial indicator of a corporation's ability to service and incur debt. It should not be considered by an investor as an alternative to sales or net earnings, as an indicator of operating performance or cash flows, or as a measure of liquidity, but as additional information.
EBITDA margin	The EBITDA margin is a percentage corresponding to the ratio of EBITDA to sales.
Adjusted EBITDA, adjusted earnings and adjusted earnings per share	Management uses adjusted EBITDA, adjusted earnings and adjusted earnings per share to assess EBITDA, net earnings and net earnings per share from operating activities, excluding certain adjustments, net of income taxes (for adjusted earnings and adjusted earnings per share), which may affect the comparability of the Corporation's financial results. Management is of the view that these measures are more representative of the Corporation's operational performance and more appropriate in providing additional information. These adjustments include, amongst others, the non-capitalizable costs related to the development and implementation of the enterprise resource planning system as well as costs related to network reorganization and closure of stores. The fact of excluding these items does not mean that they are non-recurring.
Free cash flow	This measure corresponds to EBITDA adjusted for the following items: other non-cash items according to the statement of cash flows, interest paid, income taxes paid and acquisitions of property and equipment. Uni-Select regards free cash flow as a good indicator of financial strength and of operating performance because it shows how much funds are available to manage growth in working capital, pay dividends, repay debt, reinvest in the Corporation and capitalize on various market opportunities that arise. The free cash flow excludes certain variations in the working capital items (such as trade and other receivables, inventory and trade and other payables) and other funds generated and used according to the statement of cash flows. Therefore it should not be considered as an alternative to the consolidated statement of cash flows, or as a measure of liquidity, but as additional information.
Total net indebtedness	This measure consists of bank indebtedness, long-term debt and clients' deposits in the guarantee fund (including short-term portions), net of cash.
Ratio of total net debt to total invested capital	This ratio corresponds to total net debt divided by the sum of total net debt, convertible debentures and total shareholders' equity.
Long-term debt to shareholders' equity	This ratio corresponds to the sum of long-term debt and clients' deposits in the guarantee fund (including short-term portions) divided by the sum of convertible debentures and total shareholders' equity.
Funded debt to EBITDA	This ratio corresponds to total net debt to EBITDA.

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

Since 2008, Management plans and performs an audit of the Corporation's internal controls related to the Canadian Securities Authorities National Instrument 52-109 *"Certification of Disclosure in Issuer's Annual and Interim Filings"* (NI 52-109). These audits are performed in accordance with the recognized COSO (Committee of Sponsoring Organizations of the Treadway Commission) control framework.

This year's efforts focused on updating the documentation and evaluating the effectiveness of the Corporation's disclosure controls and procedures and internal controls over financial reporting including the operations of FinishMaster™ acquired in January 2011.

Disclosure controls and procedures

Uni-Select has pursued its evaluation of disclosure controls and procedures in accordance with the NI 52-109 guidelines. As at December 31, 2011, the President and Chief Executive Officer and the Vice-President and Chief Financial Officer concluded that the Corporation's disclosure controls and procedures are effective.

Internal controls over financial reporting

Uni-Select has continued its evaluation of the effectiveness of internal controls over financial reporting as at December 31, 2011, 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 IFRS. 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.

During the year ended December 31, 2011, no change to internal controls over financial reporting has occurred that has materially affected, or is reasonably likely to have materially affected, such controls.

Richard G. Roy, FCA
President and Chief Executive Officer

Denis Mathieu, CA
Vice-President and Chief Financial Officer

Approved by the Board of Director on March 8, 2012.

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2011 and 2010

SUMMARY

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 Corporation's management. The Consolidated Financial Statements have been prepared by Management in accordance with International Financial Reporting Standards ("IFRS") and have been approved by the Board of Directors on March 8, 2012.

Uni-Select Inc. maintains internal control systems which, according to Management, reasonably ensure the accuracy of the financial information and maintain proper standards of conduct in the Corporation'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 Corporation'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 Corporation's external auditors, Raymond Chabot Grant Thornton LLP, chartered accountants.

Richard G. Roy, FCA	**Denis Mathieu, CA**
President and Chief Executive Officer	Vice-President and Chief Financial Officer

Boucherville
March 8, 2012

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Uni-Select Inc.

We have audited the accompanying Consolidated Financial Statements of Uni-Select Inc., which comprise the Consolidated Statements of Financial Position as at December 31, 2011 and 2010 and January 1, 2010 and the Consolidated Statements of Earnings, Comprehensive Income, Changes in Equity and Cash Flows for the years ended December 31, 2011 and 2010, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these Consolidated Financial Statements in accordance with International Financial Reporting Standards ("IFRS") and for such internal control as management determines is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audits. We conducted our audits in accordance with Canadian Generally Accepted Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Consolidated Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Consolidated Financial Statements present fairly, in all material respects, the financial position of Uni-Select Inc. as at December 31, 2011 and 2010 and January 1, 2010 and its financial performance and its cash flows for the years ended December 31, 2011 and 2010 in accordance with International Financial Reporting Standards ("IFRS").

Raymond Chabot Grant Thornton LLP[1]

Montréal
March 8, 2012

[1] Chartered accountant auditor permit no. 10019

UNI-SELECT INC.
CONSOLIDATED STATEMENTS OF EARNINGS
Years ended December 31, 2011 and 2010
(In thousands of US dollars, except earnings per share)

	Note	**2011**	2010
		$	$
Sales		**1,780,570**	1,285,375
Earnings before the following items:		**105,268**	75,118
Net gain on disposal of property and equipment		**(1,728)**	—
Acquisition-related costs	8	**3,277**	—
Finance costs, net	6	**17,283**	6,948
Depreciation and amortization	7	**22,166**	12,132
Earnings before income taxes		**64,270**	56,038
Income taxes	12		
Current		**(5,444)**	13,837
Deferred		**13,734**	(2,627)
		8,290	11,210
Earnings from continuing operations		**55,980**	44,828
Loss from discontinued operations	9	—	(914)
Net earnings		**55,980**	43,914
Attributable to shareholders		**56,545**	44,180
Attributable to non-controlling interests		**(565)**	(266)
		55,980	43,914
Earnings per share	10		
Basic			
From continuing operations		**2.61**	2.29
From discontinued operations		—	(0.05)
Net earnings		**2.61**	2.24
Diluted			
From continuing operations		**2.59**	2.29
From discontinued operations		—	(0.05)
Net earnings		**2.59**	2.24
Weighted average number of shares outstanding (in thousands)	10		
Basic		**21,646**	19,717
Diluted		**22,871**	19,725

The Statements of Earnings by nature required by International Financial Reporting Standards ("IFRS") is presented in Note 29.

The accompanying notes are an integral part of the Consolidated Financial Statements.

UNI-SELECT INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended December 31, 2011 and 2010
(In thousands of US dollars)

	Note	**2011**	2010
		$	$
Net earnings		**55,980**	43,914
Other comprehensive income			
Effective portion of changes in fair value of cash flow hedges (net of income taxes of $254 ($935 in 2010))		**(685)**	(2,975)
Net change in fair value of derivative financial instrument designated as cash flow hedges transferred to earnings (net of income taxes of $875 ($1,070 in 2010))		**2,372**	2,974
		1,687	(1)
Unrealized exchange gains on translation of financial statements to the presentation currency		**5,051**	382
Unrealized exchange gains (losses) on translation of debt designated as a hedge of net investments in foreign operations		**(5,222)**	7,834
Defined benefit plan actuarial losses (net of income taxes of $2,601 ($1,184 in 2010))	22	**(7,069)**	(3,217)
Other comprehensive income		**(5,553)**	4,998
Comprehensive income		**50,427**	48,912
Attributable to shareholders		**50,992**	49,178
Attributable to non-controlling interests		**(565)**	(266)
		50,427	48,912

The accompanying notes are an integral part of the Consolidated Financial Statements.

UNI-SELECT INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended December 31, 2011 and 2010
(In thousands of US dollars)

	Note	Share capital	Accumulated other comprehensive income (loss) (note 21)	Equity component of convertible debentures and contributed surplus	Retained earnings	Total	Non-controlling interests	Total equity
		$	$	$	$	$	$	$
Balance at January 1, 2010		**39,046**	**(3,515)**	**298**	**306,119**	**341,948**	**3,256**	**345,204**
Net earnings		—	—	—	44,180	44,180	(266)	43,914
Other comprehensive income		—	8,215	—	(3,217)	4,998	—	4,998
Total comprehensive income		—	8,215	—	40,963	49,178	(266)	48,912
Contributions by and distributions to shareholders								
Share issuances	20	89	—	—	—	89	—	89
Share redemptions	20	(36)	—	—	(330)	(366)	—	(366)
Dividends		—	—	—	(8,957)	(8,957)	—	(8,957)
Stock-based compensation expense	20	—	—	77	—	77	—	77
		53	—	77	(9,287)	(9,157)	—	(9,157)
Changes in ownership interests in subsidiaries that do not result in a loss of control								
Buy-back of non-controlling interests	8	—	—	—	—	—	(508)	(508)
Foreign exchange translation adjustment on non-controlling interests		—	—	—	—	—	141	141
Balance at December 31, 2010		**39,099**	**4,700**	**375**	**337,795**	**381,969**	**2,623**	**384,592**
Net earnings		—	—	—	56,545	56,545	(565)	55,980
Other comprehensive income		—	1,516	—	(7,069)	(5,553)	—	(5,553)
Total comprehensive income		—	1,516	—	49,476	50,992	(565)	50,427
Contributions by and distributions to shareholders								
Share issuances	20	50,215	—	—	—	50,215	—	50,215
Issuance of convertible debentures	18	—	—	1,687	—	1,687	—	1,687
Share redemptions	20	(374)	—	—	(1,481)	(1,855)	—	(1,855)
Dividends		—	—	—	(10,528)	(10,528)	—	(10,528)
Stock-based compensation expense	20	—	—	77	—	77	—	77
		49,841	—	1,764	(12,009)	39,596	—	39,596
Changes in ownership interests in subsidiaries that do not result in a loss of control								
Buy-back of non-controlling interests	8	—	—	—	—	—	(1,009)	(1,009)
Foreign exchange translation adjustment on non-controlling interests		—	—	—	—	—	(16)	(16)
Balance at December 31, 2011		**88,940**	**6,216**	**2,139**	**375,262**	**472,557**	**1,033**	**473,590**

The accompanying notes are an integral part of the Consolidated Financial Statements.

UNI-SELECT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2011 and 2010
(In thousands of US dollars)

	Note	**2011**	2010
		$	$
OPERATING ACTIVITIES			
Earnings from continuing operations		**55,980**	44,828
Non-cash items			
Depreciation and amortization	7	**22,166**	12,132
Income tax expense		**8,290**	11,210
Finance costs, net	6	**17,283**	6,948
Net gain on disposal of property and equipment	15	**(1,728)**	—
Other non-cash items		**210**	814
Changes in working capital items	11	**(34,384)**	(24,519)
Interest paid		**(14,865)**	(6,939)
Income taxes paid		**(9,158)**	(17,123)
Cash flows from continuing operating activities		**43,794**	27,351
Cash flows from discontinued operating activities		**—**	(2,105)
Cash flows from operating activities		**43,794**	25,246
INVESTING ACTIVITIES			
Business acquisitions	8	**(255,608)**	(4,008)
Repurchase of non-controlling interests	8	**(636)**	(255)
Proceeds from business disposals	8	**157**	2,914
Balance of purchase price		**737**	1,557
Investments and advances to merchant members		**(11,073)**	(2,601)
Receipts on advances to merchant members		**2,368**	3,392
Acquisitions of property and equipment		**(10,702)**	(8,203)
Disposals of property and equipment		**5,984**	1,606
Development of intangible assets	16	**(24,847)**	(37,119)
Cash flows from investing activities		**(293,620)**	(42,717)
FINANCING ACTIVITIES			
Net increase (decrease) in bank indebtedness		**(10,681)**	11,118
Increase in long-term debt		**373,033**	322
Repayment of long-term debt		**(198,585)**	(90)
Merchant members' deposits in the guarantee fund		**147**	319
Issuance of convertible debentures, net of issuance costs	18	**49,741**	—
Share issuances, net of issuance costs	20	**49,596**	89
Share redemptions	20	**(1,855)**	(366)
Dividends paid		**(10,270)**	(8,858)
Cash flows from financing activities		**251,126**	2,534
Effect of fluctuations in exchange rates on cash		**(8)**	172
Increase (decrease) in cash		**1,292**	(14,765)
Cash, beginning of period		**379**	15,144
Cash, end of period		**1,671**	379

The accompanying notes are an integral part of the Consolidated Financial Statements.

UNI-SELECT INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2011 and 2010 and January 1, 2010
(In thousands of US dollars)

	Note	**December 31, 2011**	December 31, 2010	January 1, 2010
		$	$	$
ASSETS				
Current assets				
Cash		**1,671**	379	15,144
Trade and other receivables	13	**198,495**	157,219	143,742
Income taxes receivable		**25,234**	7,020	3,687
Inventory		**579,246**	404,336	375,255
Prepaid expenses		**11,358**	7,492	6,052
Assets related to discontinued operations	9	**—**	—	2,863
Total current assets		**816,004**	576,446	546,743
Investments and advances to merchant members	14	**22,149**	16,854	16,082
Property and equipment	15	**43,134**	32,472	35,075
Intangible assets	16	**156,958**	61,181	29,418
Goodwill	16	**184,734**	94,725	89,777
Deferred tax assets	12	**24,242**	23,849	18,216
TOTAL ASSETS		**1,247,221**	805,527	735,311
LIABILITIES				
Current liabilities				
Bank indebtedness		**497**	11,455	42
Trade and other payables and provisions	17	**301,415**	190,525	174,947
Dividends payable		**2,552**	2,294	2,195
Installments on long-term debt and on merchant members' deposits in the guarantee fund		**15,694**	269	385
Liabilities related to discontinued operations	9	**—**	—	1,532
Total current liabilities		**320,158**	204,543	179,101
Post-employment benefit obligations	22	**24,590**	15,413	10,464
Long-term debt	18	**337,319**	170,610	170,373
Convertible debentures	18	**47,225**	—	—
Merchant members' deposits in the guarantee fund	19	**7,757**	7,723	6,963
Derivative financial instruments	27	**2,505**	4,816	4,951
Deferred tax liabilities	12	**34,077**	17,830	18,255
TOTAL LIABILITIES		**773,631**	420,935	390,107
EQUITY				
Share capital	20	**88,940**	39,099	39,046
Contributed surplus		**452**	375	298
Equity component of convertible debentures	18	**1,687**	—	—
Retained earnings		**375,262**	337,795	306,119
Accumulated other comprehensive income (loss)	21	**6,216**	4,700	(3,515)
TOTAL SHAREHOLDERS' EQUITY		**472,557**	381,969	341,948
Non-controlling interests		**1,033**	2,623	3,256
TOTAL EQUITY		**473,590**	384,592	345,204
TOTAL LIABILITIES AND EQUITY		**1,247,221**	805,527	735,311

The accompanying notes are an integral part of the Consolidated Financial Statements.

On behalf of the Board of Directors,

Jean-Louis Dulac
Director

Jean Guénette
Director

1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

Uni-Select Inc. (the “Company”) is a corporation domiciled in Canada and incorporated under Part IA of the Companies Act (Quebec). The Company is the ultimate parent company of a group of entities which includes the Company and its subsidiaries (collectively, the “Corporation”). The Corporation is a wholesale distributor and trader of automotive replacement parts and automotive paints, coatings and accessories. The Corporation's registered office is located at 170 Industriel Blvd., Boucherville, Quebec, Canada.

The Consolidated Financial Statements of the Corporation present the operations and financial position of the Company and all of its subsidiaries as well as the Corporation's interest in jointly controlled entities.

The Corporation’s shares are listed on the Toronto Stock Exchange under the symbol UNS.

2 - BASIS OF PRESENTATION

(a) Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These are the Corporation's first annual Consolidated Financial Statements prepared in accordance with IFRS and IFRS 1 "First-time Adoption of International Financial Reporting Standards" has been applied.

An explanation of the impact of the transition to IFRS on the reported financial position, financial performance and cash flows of the Corporation's Consolidated Financial Statements is provided in Note 30. This note includes reconciliations of equity and comprehensive income for the comparative periods and of equity at the date of transition reported under Canadian Generally Accepted Accounting Principles of Canada (previous "Canadian GAAP") to those reported for those years and at the date of transition under IFRS.

These Consolidated Financial Statements were authorized for issue by the Board of Directors on March 8, 2012.

(b) Basis of measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for the derivative financial instruments which are measured at fair value, provisions which are measured based on best estimates of the expenditures to settle the obligation and the post-employment benefit obligations which are recognized as the net total of the plan assets plus unrecognized past service cost less the present value of the defined benefit obligation.

(c) Functional and presentation currency

Items included in the financial statements of each of the Corporation's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Corporation's functional currencies are the Canadian dollar for entities located in Canada and the US dollar for entities located in the United States of America. The Consolidated Financial Statements are presented in US dollars, which is the Corporation's presentation currency. The Corporation's presentation currency differs from the parent company's functional currency as management considers that, following a business acquisition completed in 2011, it is more representative to use the US dollar as the presentation currency since more than 70% of the sales now originate from the United States of America.

(d) Use of accounting estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to apply judgment and to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to the financial statements. Judgment is commonly used in determining whether a balance or transaction should be recognized in the Consolidated Financial Statements and estimates and assumptions are more commonly used in determining the measurement of recognized transactions and balances. However, judgment and estimates are often interrelated.

Information about the Corporation's accounting policies are provided in Note 3 to the Consolidated Financial Statements, and the most significant uses of judgment, estimates and assumptions relate to the following:

Business combinations : Upon initial recognition of a business combination, the Corporation records the assets acquired and liabilities assumed at their fair values based on estimated discounted future cash flows. The value of goodwill recognized is directly affected by the estimated values of the assets and liabilities. Any change in the estimates used would result in an increase or decrease in the value of goodwill at the date of acquisition, or in net earnings in subsequent years. See Note 8 for details on the business acquisitions completed in the last two fiscal years.

2 - BASIS OF PRESENTATION (CONTINUED)

Sales recognition: Estimates are used in determining the amounts to be recorded for rights of return, guarantees, and trade and volume discounts. These estimates are based on the Corporation's historical experience and management's assumptions about future events, and are reviewed on a regular basis throughout the year.

Inventory valuation: The Corporation uses estimates in determining the net realizable value of its inventory, taking into consideration the quantity, age and condition of the inventory at the times the estimates are made. These estimates also include assumptions about future selling prices and selling costs, product demand, and return fees. The Corporation also uses estimates in determining the value of trade discounts, rebates and other similar items receivable from vendors. These estimates are based on the Corporation's historical experience and management's assumptions about future events, and are reviewed on a regular basis throughout the year.

Property and equipment and intangible assets: Assumptions are required in determining the useful lives of property and equipment and intangible assets. See Note 3 for further details.

Leases: The Corporation uses judgment in determining the classification of its leased assets on inception of the lease. Refer to Note 3 for further details.

Impairment of goodwill and other long-term assets: The Corporation uses estimates and assumptions to estimate future cash flows in the determination of the recoverable amounts of long-term assets and the fair value of cash generating units ("CGU"s). The long-term nature of these estimates requires management to make significant assumptions about future events and operating results. Significant judgment is also required in the determination of appropriate discount rates to apply to the future cash flows in order to adjust current market rates for assets and entity-specific risk factors. Revisions of these assumptions and estimates, or variations between the estimated amounts and actual results may have a significant impact on the assets recorded in the Consolidated Statements of Financial Position, and on the Corporation's net earnings in future periods. For the years ended December 31, 2011 and 2010, no impairment losses or reversals of previous losses have been recorded on the Corporation's long-term assets. Refer to Note 16 for further details.

Income taxes: The Corporation estimates its deferred income tax assets and liabilities based on 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 temporary differences are expected to reverse. Changes in the timing of the reversals or the income tax rates applicable in future years could result in significant differences between these estimates and the actual amounts realized which would affect net earnings in a subsequent period.

Post-employment benefit obligations: Significant assumptions and estimates are required in the measurement of the Corporation's obligations under defined benefit pension plans. Management estimates the defined benefit obligations annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimates of its defined benefit obligations are based on rates of inflation and mortality that management considers to be reasonable. It also takes into account the Corporation's specific anticipation of future salary increases, retirement ages of employees and discount rates. Discount rates are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related defined benefit obligations. Estimation uncertainties exist, which may vary significantly in future appraisals of the Corporation's defined benefit obligations. Refer to Note 22 for details on the assumptions and estimates used for the years ended December 31, 2011 and 2010.

Provisions: The Corporation uses significant judgment in determining the existence of legal and constructive obligations and the probability that these will result in economic outflows. Estimates and assumptions are used in determining the amount to be recorded and the impact of the time value of money. Estimates of amounts to be recorded for provisions are based, when applicable, on historical experience, management's best estimates, and independent actuarial estimates. Refer to Note 3 for further details.

Impairment of financial assets (including receivables): The Corporation uses significant judgment in determining the existence of a triggering event which indicates a negative effect on the estimated future cash flows associated with that asset. Estimates and assumptions are used in determining the amount of the impairment, and are based on historical experience and management's best estimates. These assumptions and estimates are reviewed on a regular basis. The allowance for doubtful accounts associated with trade receivables requires significant judgment in determining the collectibility of its trade receivables. Estimates are used in determining the amount recoverable from impaired receivables, based on client-specific historical experience. Refer to Note 3 for further details.

2 - BASIS OF PRESENTATION (CONTINUED)

Hedge accounting: At the inception of a hedging relationship, the Corporation uses judgment in determining the probability that a forecast transaction will occur. The Corporation also uses estimates and assumptions, based on external market trends and management's best estimates of entity-specific risks, in assessing the hedge effectiveness prospectively throughout the hedging relationship. Hedge accounting is terminated when a hedging relationship is no longer highly effective, or when a forecast transaction is no longer probable. Differences in actual results may have a significant impact on the Corporation's net earnings in subsequent periods. The Corporation does not use derivative financial instruments for speculative purposes.

3 - ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all reporting dates presented in these Consolidated Financial Statements and in preparing the opening IFRS Statement of Financial Position at January 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

Basis of consolidation

(i) Business combinations

Acquisitions on or after January 1, 2010

For acquisitions on or after January 1, 2010, the Corporation measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the net result is negative, a bargain purchase gain is recognized immediately in net earnings.

The Corporation elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Corporation incurs in connection with a business combination are expensed as incurred.

Contingent consideration is measured at fair value on the acquisition date, with subsequent changes in the fair value recorded through the Consolidated Statements of Earnings.

Acquisitions prior to January 1, 2010

As part of its transition to IFRS, the Corporation elected to restate only those business combinations that occurred on or after January 1, 2010 (Note 30). For acquisitions prior to January 1, 2010, goodwill represents the amount recognized by the Corporation under Canadian GAAP.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Corporation. Control exists where the Corporation has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Consolidated Financial Statements include the accounts of the subsidiaries from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been modified when necessary to align them with the policies adopted by the Corporation.

(iii) Joint ventures

Joint ventures are those entities over whose activities the Corporation has joint control, established by contractual agreement. The Consolidated Financial Statements include the pro rata share of the assets, liabilities, revenues and expenses of the joint ventures in which the Corporation holds an interest, from the date that joint control commences until the date that joint control ceases. This share is accounted for according to the proportionate consolidation method on a line by line basis.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized revenue and expenses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements.

3 - ACCOUNTING POLICIES (CONTINUED)

Sales recognition

The Corporation recognizes sales upon shipment of goods at the fair value of the consideration received or receivable, net of right of return provisions provisions and guarantees and other trade and volume discounts, when the significant risks and rewards of ownership have been transferred to the buyer, there is no continuing management involvement with the goods, recovery of the consideration is probable and the amount of revenue can be measured reliably.

The Corporation offers its customers a right of return on the sale of goods and certain guarantees. At the time of sales recognition, the Corporation records provisions for the right of return and guarantees which are based on the Corporation's historical experience and management's assumptions.

Discontinued operations

A discontinued operation is a component of the Corporation’s business that represents a separate major line of business or geographical area of operations that has been disposed of. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative Statement of Earnings is restated as if the operation had been discontinued from the beginning of the comparative period.

Inventory

Inventory consists only of finished goods and is valued at the lower of costs and net realizable value. Cost is determined by the first in, first out method and includes expenditures incurred in acquiring the inventory, net of trade discounts, rebates and other similar items received or receivable from vendors. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated selling costs.

Investments in customers

The Corporation makes cash payments and consigns or invests inventory and equipment to certain customers as consideration for these customers entering into multi-year purchase commitments that include liquidating damages in the event that the customer breaches the commitment. These amounts are capitalized and amortized to their net realizable value over the purchase commitment period. The amortization is reflected as reductions of sales and net earnings.

Property and equipment

Property and equipment is measured at its cost less accumulated amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost less residual value of property and equipment is amortized over the estimated useful lives in accordance with the following methods, annual rates and periods:

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

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Intangible assets

The Corporation records as internally-generated intangible asset the costs directly allocated to the acquisition and development of an enterprise resource planning software ("ERP") and the corresponding borrowing costs.

In order to accurately reflect the pattern of consumption of the expected benefits, the Corporation amortizes its software and related costs on a straight-line basis over a 10-year period. The amortization period begins when the asset is available for its intended use and ceases when the asset is classified as held for sale or is derecognized.

3 - ACCOUNTING POLICIES (CONTINUED)

Trademarks, which were all acquired as a result of business acquisitions, are determined as having indefinite useful lives based on the prospects for long-term profitability and the overall positioning of the trademarks on the market in terms of notoriety and volume. They are measured at cost less accumulated impairment losses. They are not amortized but tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable.

Other intangible assets, including those acquired as a result of business acquisitions, are measured at cost less accumulated amortization and accumulated impairment losses, and are amortized over their estimated useful lives according to the following methods, annual rates and periods:

	Methods	Rates and periods
Customer relationships	Straight-line	4 to 20 years
Other software	Straight-line and diminishing balance	7 years and 14% to 30%

Amortization methods, useful lives and residual values are reviewed at each reporting date. All depreciation and amortization charges are included within the Corporation's Consolidated Statements of Earnings.

Goodwill
Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. See business combinations (Note 3(i)) for information on how goodwill is initially determined. Goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortized.

Impairment of goodwill and other long-term assets
Property and equipment and intangible assets with finite lives are reviewed at each reporting date to determine whether events or changes in circumstances indicate that the carrying amount of the asset or related CGU may not be recoverable. If any such indication exists, then the asset’s or CGU’s recoverable amount is estimated. Goodwill and intangible assets with indefinite lives are tested for impairment annually or more frequently if events or circumstances indicate that they are impaired.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Corporation’s corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. The data used for impairment testing procedures are directly linked to the Corporation's latest approved budget and strategic plan. Discount factors are determined individually for each CGU and reflect their respective risk profiles as assessed by management.

Impairment losses are recognized in net earnings. Impairment losses recognized with respect to a CGU are allocated first to reduce the carrying amount of any goodwill, and then to reduce the carrying amounts of the other assets of a CGU on a pro rata basis.

An impairment loss with respect to goodwill is not reversed. For other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss with respect to other assets is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss with respect to other assets is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3 - ACCOUNTING POLICIES (CONTINUED)

Leased assets

Leases in terms of which the Corporation assumes substantially all the risks and rewards of ownership are classified as finance leases. Other leases are classified as operating leases and the leased assets are not recognized in the Corporation's Consolidated Statements of Financial Position.

Payments made under operating leases are recognized in net earnings on a straight-line basis over the term of the lease.

The gain on a leaseback arrangement classified as an operating lease is recognized immediately to net earnings if the sale price is at or below fair value. The gain on a leaseback arrangement classified as a finance lease is deferred and amortized over the lease term.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net earnings except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable with respect to previous years.

Deferred tax assets and liabilities for financial reporting purposes 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.

However, deferred tax are not recognized on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not recognized if reversal of these temporary differences can be controlled by the Corporation and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities that intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date. They are reduced to the extent that it is no longer probable that the related tax benefit will be realized and previously unrecognized deferred tax assets are recognized to the extent that they have become probable to be recovered.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in net earnings, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Foreign currency

(i) Foreign currency transactions and translation of financial statements

The financial statements of each of the Corporation's subsidiaries are measured using the entity's functional currency as described in note 2(c). Foreign currency transactions are translated into the entity's functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary assets and liabilities denominated in currencies other than the functional currency of the entity are recognized in the Consolidated Statements of Earnings, with the exception of foreign exchange gains or losses on debt designated as a hedging instrument of a net investment in foreign operations which are included in other comprehensive income and are transferred to net earnings only when a reduction in the net investment in these foreign subsidiaries is realized. A foreign operation is an entity that is a subsidiary, associate or joint venture of the reporting entity with a functional currency differing from the reporting entity's functional currency.

3 - ACCOUNTING POLICIES (CONTINUED)

Since a change in presentation currency enacted on January 1, 2011 (Note 4), the assets and liabilities of Canadian operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rate prevailing at the reporting date upon consolidation. The revenues and expenses of Canadian operations are translated into the presentation currency at the average exchange rates of the reporting periods. The exchange rate prevailing at December 31, 2011 was C$1.0176 for US$1. The average exchange rate for the 2011 year was C$0.9891 for US$1.

Since January 1, 2010, foreign currency differences are recognized and presented in other comprehensive income and in the foreign currency translation reserve in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to net earnings as part of the profit or loss on disposal. When the Corporation disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant portion of such cumulative amount is reattributed to non-controlling interests. When the Corporation disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant portion of the cumulative amount is reclassified to net earnings.

(ii) Hedge of net investments in foreign operations
The Corporation applies hedge accounting to foreign currency translation differences arising between the functional currency of the foreign operation and the parent entity’s functional currency. Foreign currency differences arising on the translation of the debt designated as a hedge of net investments in foreign operations are recognized in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the cumulative translation account balance. To the extent that the hedge is ineffective, such differences are recognized in net earnings. When the hedged portion of a net investment is reduced, the relevant amount in the cumulative translation account is transferred to net earnings as part of the profit or loss on disposal.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the cumulative amount of foreign currency translation differences.

Post-employment benefit obligations
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Corporation contributes to various other plans that are accounted for as defined contribution plans. Contributions to the plans are recognized as an expense in the period that relevant employee services are rendered. A defined benefit pension plan is a post-employment pension plan other than a defined contribution plan. The Corporation has adopted the following policies for defined benefit plans:

- The Corporation's net obligation with respect to defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods less any unrecognized past service costs and the fair value of any plan assets;

- The cost of pension benefits earned by employees is actuarially determined using the projected unit credit method. The calculations reflect management's best estimate of expected plan investment performance, salary increases, retirement age of employees and discount factor;

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

- When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in net earnings on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in net earnings;

- 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 actuarial gains (losses) are recognized immediately in other comprehensive income and retained earnings.

Post-employment benefits expense is recorded under "Employee benefits" in the Consolidated Financial Statements.

3 - ACCOUNTING POLICIES (CONTINUED)

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or incentive plans if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Provisions

A provision is recognized if, as a result of past events, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Due to the immaterial amounts involved, provisions are included in "Trade and other payables and provisions" in the Consolidated Statements of Financial Position.

Financial instruments

(i) Non derivative financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expires, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

Financial assets and liabilities are initially measured at fair value value plus transaction costs except for financial assets and liabilities carried at fair value through net earnings, which are initially measured at fair value and their subsequent measurement depends on 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 Corporation.

The Corporation has made the following classifications:

- Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Cash and trade and other receivables are classified as loans and receivables. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial;

- Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. Investments and advances to merchant members are classified as available-for-sale financial assets, and are measured at cost less any impairment charges, as their fair values cannot be estimated reliably. Impairment charges are recognized in net earnings.

- Bank indebtedness, Trade and other payables and provisions, dividends payable, long-term debt, convertible debentures and merchant members' deposits in the guarantee fund are classified as liabilities measured at amortized cost. Subsequent valuations are recorded at amortized cost using the effective interest rate method.

(ii) Impairment of financial assets (including trade and other receivables)

A financial asset is impaired if objective evidence indicates that a triggering event has occurred after the initial recognition of the asset having a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Corporation on terms that the Corporation would not consider otherwise, indications that a debtor or issuer may request bankruptcy protection or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

3 - ACCOUNTING POLICIES (CONTINUED)

An impairment loss with respect to a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance accounts are recognized in net earnings. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net earnings.

(iii) Compound financial instruments

Compound financial instruments issued by the Corporation comprise convertible debentures that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference, net of income taxes, between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition. When and if the conversion option is exercised, the equity component of the convertible debentures will be transferred to share capital. If the conversion option expires without being exercised, the equity component of the convertible debentures will be transferred to contributed surplus. No gain or loss is recognized upon conversion or expiration of the conversion option.

Interest, dividends, gains and losses relating to the financial liability are recognized in net earnings.

(iv) Derivative financial instruments and hedge accounting

A specific accounting treatment is required for derivatives designated as hedging instruments in cash flow hedge relationships. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness. All other derivative financial instruments are accounted for at fair value through net earnings.

On initial designation of the hedge, the Corporation formally documents the relationship between the hedging instruments and hedged items, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Corporation makes assessments, both at the inception of the hedge relationship and on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the cash flows of the respective hedged items during the period for which the hedge is designated and whether the actual results of each hedge are within a range of 80 and 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present exposure to variations in cash flows that could ultimately affect reported net earnings.

Derivative financial instruments are utilized to reduce interest rate risk on the Corporation's debt. The Corporation does not use financial instruments for trading or speculative purposes. Derivatives are recognized initially at fair value; attributable transaction costs are recognized in net earnings as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

3 - ACCOUNTING POLICIES (CONTINUED)

Cash flow hedges

The Corporation's policy is to formally designate each derivative financial instrument as a hedging item of a cash flow hedge of a highly probable forecast interest expense. The effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the accumulated changes in the fair value of derivative financial instruments designated as cash flow hedges in equity. The amount recognized in other comprehensive income is removed and included in net earnings in the same period as the hedged cash flows affect net earnings under the same line item in the Consolidated Statements of Comprehensive Income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in net earnings. The Corporation considers that its derivative financial instruments are effective as hedges, both at inception and over the term 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 Corporation's program to manage the floating interest rate of the Corporation'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 hedged interest expense on debt. The related amount payable to or receivable from counterparties is included as an adjustment to accrued interest.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income and presented in accumulated changes in the fair value of derivative financial instrument designated as cash flow hedges remains in equity until the forecast interest expense affects net earnings. If the forecast interest expense is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in net earnings. In other cases, the amount recognized in other comprehensive income is transferred to net earnings in the same period that the hedged item affects net earnings.

(v) Finance income and finance costs

Finance income comprises interest income on cash and on advances from merchant members. Finance income is recognized as it accrues in net earnings, using the effective interest method.

Finance costs comprise interest on bank indebtedness, long-term debt and on merchant members' deposits in the guarantee fund, nominal and accreted interest on convertible debentures, amortization of transaction costs incurred in conjonction with debt transactions, reclassification of realized losses to net earnings on derivative financial instruments, the unwinding of the discount on provisions as well as impairment losses on financial assets. Borrowing costs that are not directly attributable to the acquisition or development of qualifying assets are recognized in net earnings using the effective interest method. Borrowing costs directly attributable to the development of the enterprise resource planning software (i.e.qualifying asset), for which the commencement date for capitalization was after January 1, 2010, are capitalized as part of the cost of that intangible asset until it is substantially ready for its intended use.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and stock options are recognized as a deduction from share capital, net of any tax effects.

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from share capital and retained earnings. Repurchased shares are classified as treasury shares and are presented as a deduction from share capital. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in retained earnings.

3 - ACCOUNTING POLICIES (CONTINUED)

Accumulated other comprehensive income

Accumulated other comprehensive income is comprised of the following separate components of equity:

Cumulative translation account

The cumulative translation account comprises all foreign currency differences arising from the translation of the financial statements of Canadian operations to the Corporation's presentation currency, as well as from the translation of debt designated as a hedge of the Corporation's net investment in a foreign operation.

Accumulated changes in fair value of derivative financial instrument designated as cash flow hedge

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Retained earnings

Accumulated actuarial losses on defined benefit plans

The accumulated actuarial losses comprise all actualrial losses, net of income taxes, from the defined benefit plans recorded after the date of transition to IFRS. These losses are applied as a reduction of retained earnings.

Contributed surplus

Contributed surplus includes charges related to stock options not yet exercised and premiums paid on the redemption of the Corporation's common shares.

Stock-based compensation

The Corporation 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 over the vesting period, which is five years, with a corresponding increase in contributed surplus. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service vesting condition are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that are expected to meet the related service condition at the vesting date. When the stock options are exercised, share capital is credited by the sum of the consideration paid and the related portion previously recorded in contributed surplus. None of the Corporation’s plans feature a cash settlement option.

Earnings per share and information pertaining to the number of shares outstanding

Earnings per share is calculated by dividing net earnings available for common shareholders by the weighted average number of common shares outstanding during the period. 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 Corporation has two categories of dilutive potential common shares: convertible debentures and stock options. If, after applying the "if-converted" method, it is determined that the conversion has a dilutive effect, the convertible debentures are assumed to have been converted into common shares and net earnings is adjusted to eliminate the interest charge less the tax effect. For the stock options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Corporation's shares) based on the monetary value of the subscription rights attached to outstanding stock options. The number of shares calculated is compared with the number of shares that would have been issued assuming the exercise of the stock options. The number of dilutive potential common shares is determined independently for each period presented.

4 - CHANGES IN ACCOUNTING POLICIES

CHANGE IN PRESENTATION CURRENCY

On January 1, 2011 the Corporation changed its presentation currency from the Canadian dollar (C$) to the US dollar (US$). The presentation currency of a corporation is the currency in which the Corporation chooses to present its financial reports. As more than 70% of the Corporation's sales originate from the United States of America, the Corporation changed its presentation currency for financial reporting in order to better reflect its financial position and financial performance.

4 - CHANGES IN ACCOUNTING POLICIES (CONTINUED)

In order to derive US dollar comparatives for the Consolidated Financial Statements, the Corporation has accounted for this change in presentation currency in accordance with IFRS, which involves the translation of share capital at the historical rate of US$0.7786 for C$1, retained earnings at the historical rate on January 1, 2010 of US$0.7852 for C$1, and the results of operations for the year ended December 31, 2010 at the 2010 average rate of US$0.9705 for C$1.

As a result of this change, translation differences arising from the translation of the accounts of entities having the Canadian dollar as functional currency to the presentation currency are recognized in other comprehensive income and included in the accumulated other comprehensive income within equity. The translation method used for the above is the same as the one described in note 3(i) under foreign currency.

FUTURE ACCOUNTING CHANGES

(i) Consolidated financial statements

In May 2011, the International Accounting Standards Board ("IASB") issued IFRS 10 "Consolidated Financial Statements". IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and reporting policies of an entity as to obtain benefits from its activities. IFRS 10 replaces SIC-12 "Consolidation-Specific Purpose Entities", and parts of IAS 27 "Consolidated and Separate Financial Statements".

(ii) Joint arrangements

In May 2011, the IASB issued IFRS 11 "Joint Arrangements" which supersedes IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities - Non-monetary Contributions by Venturers". IFRS 11 focuses on the rights and obligations of a joint arrangement, rather than its legal form as is currently the case under IAS 31. The standard addresses inconsistencies in the reporting of joint arrangements by requiring the equity method to account for interests in jointly controlled entities. The Corporation currently uses the proportionate consolidation method to account for interests in joint ventures, but must apply the equity method under IFRS 11. Under the equity method, the Corporation's share of net assets, net income and other comprehensive income of joint ventures will be presented as one-line item on the Consolidated Statements of Financial Position, the Consolidated Statements of Earnings and the Consolidated Statements of Comprehensive Income, respectively.

(iii) Disclosure of interests in other entities

In May 2011, the IASB issued IFRS 12 "Disclosure of Interests in Other Entities". IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard confirms forward existing disclosures and introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

(iv) Fair value measurement

In May 2011, the IASB issued IFRS 13 "Fair Value Measurement". IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosure requirements about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

(v) Employee benefits

In June 2011, the IASB issued an amendment to IAS 19 "Employee Benefits" relating to the accounting for defined benefit pension plans and termination benefits. This amendment eliminates certain presentation choices currently permitted under IAS 19 and requires additional disclosures concerning the risks stemming from defined benefit plans.

All the above standards are required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Corporation has not yet assessed the impact of these standards or determined whether it will adopt them earlier.

(vi) Financial instruments - Presentation

The IASB has issued an amendment to IAS 32 "Financial Instruments: Presentation", focusing on the meaning of "currently has a legally enforceable right of set-off" and the application of simultaneous realisation and settlement for applying the offsetting requirements. This amendment is effective for annual periods beginning on or after January 1, 2014. The Corporation has not yet assessed the impact of the standard.

4 - CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(vii) Financial instruments

IFRS 9 was issued in November 2009. It addresses classification and measurement of financial assets and replaces measurement models in IAS 39 "Financial Instruments : Recognition and Measurement" for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through net earnings.

IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through net earnings or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in net earnings; however other gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

In December 2011, the effective date of this standard was amended to annual periods beginning on or after January 1, 2015, with earlier adoption permitted. The Corporation has not yet assessed the impact of this standard or determined whether it will adopt it earlier.

(viii) Financial instruments - Disclosures

The IASB has issued an amendment to IFRS 7 "Financial Instruments: Disclosures", requiring incremental disclosures regarding transfers of financial assets. This amendment is effective for annual periods beginning on or after July 1, 2011.

The IASB has issued an amendment to IFRS 7, requiring disclosure about all recognized financial instruments that are offset in accordance with IAS 32 or that are subject to enforceable netting arrangements. This amendment is effective for annual periods beginning on or after January 1, 2013.

The Corporation has not yet assessed the impact of the standard.

(ix) Financial statement presentation

In June 2011, the IASB issued an amendment to IAS 1 "Presentation of Financial Statements". The amendment requires entities to group together items of other comprehensive income that might be reclassified to net earnings in subsequent periods separately from items that will not be reclassified to profit or loss in subsequent periods. This amendment is effective for fiscal years beginning on or after July 1, 2012.

5 - INTERESTS IN JOINT VENTURES

The Corporation's proportionate share of sales, earnings before finance costs and depreciation and amortization and net earnings from its interests in joint ventures amounted to $19,202, $1,101 and $1,016, respectively, for 2011 ($16,233, $995 and $694, respectively, for 2010.)

The Corporation's sales include sales to joint ventures in the amount of $7,818 in 2011 ($6,675 in 2010).

The Corporation's share of its joint ventures' commitments represents $1,782 in 2011 ($688 in 2010).

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

6 - FINANCE COSTS, NET

	2011	2010
	$	$
Interest on bank indebtedness	**944**	1,282
Interest on long-term debt	**10,232**	2,502
Interest on convertible debentures	**3,046**	—
Accreted interest on convertible debentures	**443**	—
Amortization of financing costs	**1,464**	333
Interest on merchant members' deposits in the guarantee fund	**153**	120
Reclassification of realized losses to net earnings on derivative financial instruments designated as cash flow hedges	**3,247**	4,044
	19,529	8,281
Capitalized interest	**(1,886)**	(1,099)
Total finance costs	**17,643**	7,182
Interest income from merchant members	**(360)**	(234)
Total finance costs, net	**17,283**	6,948

7 - DEPRECIATION AND AMORTIZATION

	2011	2010
	$	$
Property and equipment	**11,940**	9,091
Intangible assets	**10,226**	3,041
	22,166	12,132

8 - BUSINESS COMBINATIONS AND REPURCHASE OF NON-CONTROLLING INTERESTS

Business acquisitions

2011

On January 11, 2011, as part of its strategy of growth through acquisitions, the Corporation proceeded to the acquisition of all of the outstanding shares of FinishMaster, Inc. ("FinishMaster"), a company based in the United States. FinishMaster is the largest North American independent distributor of automotive paints, coatings and paint-related accessories to the automotive collision industry. The purchase price, which was settled in cash, amounted to $221,774, including the assumption of a net debt of $57,565.

Acquisition-related costs amounting to $2,976, excluded from the consideration transferred, have been recognized as an expense in the Consolidated Statements of Earnings.

The purchase price allocation is presented in a table which follows. The allocation was finalized during the fourth quarter of 2011, resulting in an increase of $2,281 in goodwill.

Goodwill recognized on the acquisition is mainly attributable to synergies expected to be derived from the business combination and the value of FinishMaster's workforce which cannot be recognized as an intangible asset. The goodwill recognized on this business combination is not expected to be deductible for tax purposes.

For the year ended December 31, 2011, the acquisition contributed sales of $452,303 and net earnings of $13,075, net of financing and related acquisition costs. If the acquisition had occurred on January 1, 2011 rather than January 11, 2011, management estimates that additional sales and net earnings would have been $11,847 and $8, respectively. In determining these amounts, management assumed that the fair value adjustments that arose on the date of acquisition would have been the same as if the acquisition had occurred on January 1, 2011.

At the date of acquisition, FinishMaster occupied facilities and used equipment and vehicles under operating lease agreements requiring annual rental payments approximating $8,570 for 2012, $6,659 for 2013, $5,015 for 2014, $3,551 for 2015, $2,323 for 2016, and $3,239 for 2017 and subsequent years.

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

8 - BUSINESS COMBINATIONS AND REPURCHASE OF NON-CONTROLLING INTERESTS (CONTINUED)

On October 26, 2011, the Corporation completed the acquisition of certain assets of Parts Depot Inc., in Florida including thirty-nine corporate stores and five distribution centers for a purchase price of $31,241. For the year ended December 31, 2011, the acquisition contributed sales of $14,786 and recorded a loss of $102, net of related acquisition costs. Furthermore, additional margin on inventory purchased at a discount price contributed $1,781 to net earnings. The fair value of net assets acquired and exceeding the purchase price paid contributed an additional $1,702 to net earnings. Acquisition-related costs amounting to $301, excluded from the consideration transferred, have been recognized as an expense in the Consolidated Statements of Earnings.

During the year, the Corporation completed acquisitions of assets and liabilities of other companies operating in the United States and in Canada. The total cost of these acquisitions of $4,248 was allocated to the acquired assets and liabilities based on their fair values. The Corporation did not incur any external acquisition-related costs and the contributions to sales and net earnings from these acquisitions were immaterial.

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

			FinishMaster Inc.	**Others**	**Total**
	Pre-acquisition carrying amounts	Adjustment to fair value	**Fair value at acquisition date**	**Fair value at acquisition date**	**Fair value at acquisition date**
	$	$	**$**	**$**	**$**
Cash	1,473	—	**1,473**	**182**	**1,655**
Trade and other receivables	38,715	—	**38,715**	**6,991**	**45,706**
Inventory	85,890	—	**85,890**	**27,528**	**113,418**
Prepaid expenses	12,429	(5,639)	**6,790**	**474**	**7,264**
Total currents assets	138,507	(5,639)	**132,868**	**35,175**	**168,043**
Property and equipment	9,707	—	**9,707**	**1,621**	**11,328**
Intangible assets	110,239	(35,339)	**74,900**	**3,459**	**78,359**
Deferred tax assets	7,066	2	**7,068**	**—**	**7,068**
Other long-term assets	10,023	(10,023)	**—**	**—**	**—**
Total non-current assets	137,035	(45,360)	**91,675**	**5,080**	**96,755**
Trade and other payables and provisions	79,016	225	**79,241**	**2,092**	**81,333**
Current portion of long-term debt	1,434	—	**1,434**	**—**	**1,434**
Total current liabilities	80,450	225	**80,675**	**2,092**	**82,767**
Long-term debt	1,540	—	**1,540**	**—**	**1,540**
Deferred tax liabilities	11,564	(493)	**11,071**	**1,135**	**12,206**
Total non-current liabilities	13,104	(493)	**12,611**	**1,135**	**13,746**
Net identifiable assets and liabilities			**131,257**	**37,028**	**168,285**
Goodwill on acquisition			**90,517**	**(1,539)**	**88,978**
Total consideration			**221,774**	**35,489**	**257,263**
Cash acquired			**1,473**	**182**	**1,655**
Net cash outflow on the acquisitions			**220,301**	**35,307**	**255,608**

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

8 - BUSINESS COMBINATIONS AND REPURCHASE OF NON-CONTROLLING INTERESTS (CONTINUED)

2010

The Corporation acquired the shares of a Corporation for a cash consideration of $4,008. The excess of the purchase price over the net assets has been allocated to goodwill.

Disposals of business and assets

2011

During the year, the Corporation sold the assets and liabilities of a business operating in the United States. The net assets have been sold for a cash consideration of $157.

2010

In separate transactions, throughout the year, the Corporation sold some of the assets and liabilities of four stores and its ownership interests in four stores. The net assets have been sold for a cash consideration of $3,256, of which $398 was receivable at December 31, 2010. The shares have been sold for a cash consideration of $56.

Repurchase of non-controlling interests

2011

During the year, in connection with five separate transactions, the Corporation increased its interest by 9.61% in its subsidiary, Uni-Select Pacific Inc., for a total consideration of $1,009, of which $373 is payable on December 31, 2011. The consideration paid for these transactions were based on the carrying amounts in accordance with the shareholders' agreement. As a result of these transactions, the Corporation's interest in its subsidiary increased from 78.85% to 88.46%.

2010

In 2010, the Corporation increased its interest by 3.85% in its subsidiary, Uni-Select Pacific Inc., for a total cash consideration of $508, for which $253 was payable on December 31, 2010. The consideration paid for these transactions were based on the carrying amounts in accordance with the shareholders' agreement. As a result of these transactions, the Corporation's interest in its subsidiary increased from 75% to 78.85%.

9 - DISCONTINUED OPERATIONS

In 2009, the Corporation proceeded to dispose of certain assets and liabilities of its subsidiary, Palmar Inc., which constituted all of the former Heavy Duty Canada operating segment.

At December 31, 2010, Palmar Inc., was wound-up in its parent company Uni-Select Inc. As a result, the assets and liabilities were reclassified in their respective categories in the Consolidated Statement of Financial Position at December 31, 2010.

The following table provides the discontinued operations results for the year ended December 31, 2010:

	2010
	$
Loss before non-recurring items and income taxes	—
Non-recurring items [1]	(1,020)
Loss before income taxes	(1,020)
Income taxes	(106)
Loss from discontinued operations	(914)

[1] Mainly related to net expected future losses on contractual obligations from long-term lease contracts.

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

10 - EARNINGS PER SHARE

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

	2011	2010
	$	$
Earnings from continuing operations attributable to shareholders considered for basic earnings per share	**56,545**	45,094
Loss from discontinued operations attributable to shareholders considered for basic earnings per share	—	(914)
Net earnings attributable to shareholders considered for basic earnings per share	**56,545**	44,180
Conversion impact of convertible debentures	**2,790**	—
Net earnings attributable to shareholders considered for diluted earnings per share	**59,335**	44,180
Weighted average number of shares outstanding considered for basic earnings per share	**21,645,664**	19,716,731
Conversion impact of convertible debentures	**1,218,853**	—
Impact of stock option exercise	**6,624**	8,694
Weighted average number of shares outstanding considered for diluted earnings per share	**22,871,141**	19,725,425
Basic earnings per share		
From continuing operations	**2.61**	2.29
From discontinued operations	—	(0.05)
	2.61	2.24
Diluted earnings per share		
From continuing operations	**2.59**	2.29
From discontinued operations	—	(0.05)
	2.59	2.24

11 - INFORMATION INCLUDED IN CONSOLIDATED CASH FLOWS

The changes in working capital are detailed as follows:

	2011	2010
	$	$
Trade and other receivables	**3,640**	(9,714)
Inventory	**(63,940)**	(24,642)
Prepaid expenses	**3,827**	(2,046)
Trade and other payables and provisions	**22,089**	11,883
	(34,384)	(24,519)

At December 31, 2011, acquisitions of property and equipment and intangible assets of $533 and $4,167, respectively, ($877 and $2,889 at December 31, 2010) remained unpaid and did not have any impact on cash.

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

12 - INCOME TAXES

Income tax expense

	2011	2010
	$	$
Current tax expense		
Current period	(5,304)	13,612
Adjustment for prior periods	31	225
Recognition of previously unrecognized tax losses	(171)	—
	(5,444)	13,837
Deferred tax expense		
Origination and reversal of temporary differences	13,749	(2,227)
Reduction in tax rate	12	(349)
Change in unrecognized deductible temporary differences	187	—
Recognition of previously unrecognized tax losses	(214)	(51)
	13,734	(2,627)
Income tax expense excluding tax on sale of discontinued operations	8,290	11,210
Income tax expense from continuing operations	8,290	11,210
Income tax from discontinued operations (excluding gain on sale)	—	(106)
Total income tax expense	8,290	11,104

Reconciliation of effective tax rate

	2011	2010
	%	%
Income tax using the Corporation's domestic tax rate	28.31	29.46
Effect of tax rates in foreign jurisdictions	7.52	5.57
Earnings taxable at lower rates in future years	(0.65)	(0.83)
Capital gains taxable at a lower rate	(0.71)	—
Non deductible expenses	1.19	0.35
Tax benefit from a financing structure	(22.18)	(13.28)
Recognition of previously unrecognized tax gains	—	(0.89)
Losses at higher tax rates and others	(0.58)	(0.38)
Income tax expense	12.90	20.00

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

12 - INCOME TAXES (CONTINUED)

Recognized deferred tax assets and liabilities

December 31, 2011	Opening balance	Recognized in net earnings	Recognized in other comprehensive income	Recognized in equity	Acquisitions and disposals	Effects of fluctuations in exchange rates	Closing balance
	$	$	$	$	$	$	$
Non-capital loss carryfowards	**5,380**	**(2,962)**	**—**	**—**	**41**	**(5)**	**2,454**
Taxable income during the coming year	**(8,741)**	**1,151**	**—**	**—**	**—**	**111**	**(7,479)**
Allowances deductible during the coming year	**9,030**	**(3,671)**	**—**	**—**	**6,894**	**16**	**12,269**
Property and equipment	**(4,420)**	**(1,361)**	**—**	**—**	**(53)**	**56**	**(5,778)**
Pension plan allowance	**4,199**	**(340)**	**2,601**	**—**	**—**	**(103)**	**6,357**
Financing costs	**(3)**	**(777)**		**619**	**133**	**3**	**(25)**
Cash flow hedges	**1,300**	**(875)**	**254**	**—**	**—**	**—**	**679**
Networking costs	**2,636**	**(2,668)**	**—**	**—**	**—**	**32**	**—**
Allowance for performance incentives	**707**	**193**	**—**	**—**	**—**	**(19)**	**881**
Goodwill and intangibles	**(4,007)**	**(2,428)**	**—**	**—**	**(12,153)**	**11**	**(18,577)**
Convertible debentures	**—**	**115**	**—**	**(619)**	**—**	**61**	**(443)**
Other	**(62)**	**(111)**		**—**	**—**	**—**	**(173)**
Income tax assets (liabilities)	**6,019**	**(13,734)**	**2,855**	**-**	**(5,138)**	**163**	**(9,835)**

December 31, 2010	Opening balance	Recognized in net earnings	Recognized in other comprehensive income	Recognized in equity	Acquisitions and disposals [1]	Effects of fluctuations in exchange rates	Closing balance
	$	$	$	$	$	$	$
Non-capital loss carryfowards	2,481	670	—	—	2,285	(56)	5,380
Taxable income during the coming year	(10,694)	3,065	—	—	—	(1,112)	(8,741)
Allowances deductible during the coming year	7,282	1,735	—	—	—	13	9,030
Property and equipment	(3,929)	(362)	—	—	—	(129)	(4,420)
Pension plan allowance	2,820	30	1,184	—	—	165	4,199
Financing costs	(90)	89	—	—	—	(2)	(3)
Cash flow hedges	1,435	(1,070)	935	—	—	—	1,300
Networking costs	2,522	—	—	—	—	114	2,636
Allowance for performance incentives	650	26	—	—	—	31	707
Goodwill and intangibles	(2,602)	(1,408)	—	—	—	3	(4,007)
Other	86	(148)	—	—	—	—	(62)
Income tax assets (liabilities)	(39)	2,627	2,119	—	2,285	(973)	6,019

[1] Represents non-capital loss carryforwards from discontinued operations.

Consolidated Statement of Financial Position presentation:

	December 31, 2011	December 31, 2010	January 1, 2010
Deferred tax assets	**24,242**	23,849	18,216
Deferred tax liabilities	**(34,077)**	(17,830)	(18,255)
	(9,835)	6,019	(39)

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

13 - TRADE AND OTHER RECEIVABLES

	December 31, 2011	December 31, 2010	January 1, 2010
	$	$	$
Trade receivables	**192,723**	153,681	138,723
Balance of selling price, interest rates ranging from 0% to prime rate plus 4%	—	906	1,982
Current portion of investments and advances to merchant members (Note 14)	**5,772**	2,632	3,037
	198,495	157,219	143,742

14 - INVESTMENTS AND ADVANCES TO MERCHANT MEMBERS

	December 31, 2011	December 31, 2010	January 1, 2010
	$	$	$
Preferred shares, interest rates varying between prime rate plus 1% and 12.25%, receivable in monthly instalments, maturing on various dates until 2018	**1,345**	1,447	1,685
Shares of companies and advances to merchant members, interest rates varying between 0% and 11.06% (0% and 11.22% at December 31, 2010, 0% and 12.62% at January 1, 2010), receivable in monthly instalments, maturing on various dates until 2018	**19,680**	18,039	17,434
Investments in customers, no interest	**6,896**	—	—
	27,921	19,486	19,119
Current portion	**5,772**	2,632	3,037
	22,149	16,854	16,082

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

15 - PROPERTY AND EQUIPMENT

	Land and paving	Buildings	Furniture and equipment	Computer equipment and software	Automotive equipment	Leasehold improvements	Total
	$	$	$	$	$	$	$
Cost	1,221	12,113	31,333	21,707	13,184	8,146	87,704
Accumulated depreciation	(262)	(6,364)	(21,305)	(12,398)	(7,778)	(4,522)	(52,629)
Balance at January 1, 2010	959	5,749	10,028	9,309	5,406	3,624	35,075
Depreciation	(11)	(369)	(2,014)	(3,176)	(2,275)	(1,246)	(9,091)
Disposals	(64)	(7)	(45)	(28)	(177)	(8)	(329)
Business disposals	—	(12)	(14)	(13)	(96)	(5)	(140)
Additions	174	2,775	1,209	752	867	532	6,309
Effect of fluctuations in exchange rates	43	316	152	70	31	36	648
Total changes	142	2,703	(712)	(2,395)	(1,650)	(691)	(2,603)
Cost	1,386	15,470	33,210	22,609	13,129	8,717	94,521
Accumulated depreciation	(285)	(7,018)	(23,894)	(15,695)	(9,373)	(5,784)	(62,049)
Balance at December 31, 2010	1,101	8,452	9,316	6,914	3,756	2,933	32,472
Depreciation	(12)	(517)	(2,272)	(4,064)	(3,380)	(1,695)	(11,940)
Disposals	(321)	(3,198)	(323)	(11)	(257)	(26)	(4,136)
Acquisitions through business combinations	454	3,970	1,030	3,320	610	1,944	11,328
Additions	—	203	3,841	1,748	9,027	784	15,603
Effect of fluctuations in exchange rates	(7)	(38)	(98)	(22)	(16)	(12)	(193)
Total changes	114	420	2,178	971	5,984	995	10,662
Cost	1,479	16,634	39,425	27,066	22,837	11,078	118,519
Accumulated depreciation	(264)	(7,762)	(27,931)	(19,181)	(13,097)	(7,150)	(75,385)
Balance at December 31, 2011	**1,215**	**8,872**	**11,494**	**7,885**	**9,740**	**3,928**	**43,134**

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

16 - INTANGIBLE ASSETS AND GOODWILL

				Intangible assets	**Goodwill**
	Trademark	Customer relationships and others	Software	Total	
	$	$	$	$	$
Cost	750	6,454	38,556	45,760	89,777
Accumulated amortization	—	(1,012)	(15,330)	(16,342)	—
Balance at January 1, 2010	750	5,442	23,226	29,418	89,777
Amortization	—	(356)	(2,685)	(3,041)	—
Additions from internal development (1)	—	—	31,047	31,047	—
Additions	—	—	1,800	1,800	—
Acquisitions through business combinations	—	—	—	—	3,409
Capitalized interest (2)	—	—	1,099	1,099	—
Disposals	—	—	—	—	(241)
Effect of fluctuations in exchange rates	—	60	798	858	1,780
Total changes	—	(296)	32,059	31,763	4,948
Cost	750	6,524	71,656	78,930	94,725
Accumulated amortization	—	(1,378)	(16,371)	(17,749)	—
Balance at December 31, 2010	750	5,146	55,285	61,181	94,725
Amortization	—	(6,613)	(3,613)	(10,226)	—
Additions from internal development (1)	—	—	26,064	26,064	—
Additions	—	35	26	61	—
Acquisitions through business combinations	7,900	70,335	124	78,359	90,679
Capitalized interest (2)	—	—	1,886	1,886	—
Effect of fluctuations in exchange rates	—	(19)	(348)	(367)	(670)
Total changes	7,900	63,738	24,139	95,777	90,009
Cost	8,650	76,867	99,072	184,589	184,734
Accumulated amortization	—	(7,983)	(19,648)	(27,631)	—
Balance at December 31, 2011	**8,650**	**68,884**	**79,424**	**156,958**	**184,734**

(1) Software includes the capitalized portion ($71,801 at December 31, 2011 and $45,384 at December 31, 2010) of costs related to the acquisition and internal development of an ERP which will be fully operational over the next few years. Amortization for the financial component of the ERP began when it was ready to be put into service in 2010. Amortization for the operational components of the ERP at various locations began when the components were ready to be put into service, beginning in 2011.

(2) The capitalized interest rate is 4.03% for the year ended December 31, 2011 (3.86% for the year ended December 31, 2010).

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Corporation's two CGUs, Canada and United States of America, which represent the lowest level within the Corporation at which the goodwill is monitored for internal management purposes.

The recoverable amounts of the Corporation's CGUs were based on their value in use and were determined with the assistance of independent valuers. The carrying amounts of the units were determined to be lower than their recoverable amounts and no impairment losses were recognized.

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

16 - INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the units. Value in use in 2011 was determined similarly as in 2010. The calculation of the value in use was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and the 5-year business plan in both 2010 and 2011. Cash flows for a further five-year period were extrapolated using constant growth rates of 1.5% (2% in 2010) for Canadian operations and 2.5% (3% in 2010) for American operations, which do not exceed the long-term average growth rates for the industry.

- Pre-tax discount rates of 9.9% (10.1% in 2010) for Canadian operations and 9.5% (10.1% in 2010) for American operations were applied in determining the recoverable amount of the units. The discount rates were estimated based on past experience and the industry's weighted average cost of capital, which was based on a possible range of debt leveraging of 30% at market interest rates of 5.3% (6% in 2010) for the Canadian operations and 5.5% (6.5% in 2010) for the American operations.

The values assigned to the key assumptions represent the management's assessment of future trends in the automotive parts industry and are based on both external and internal sources. The sensitivity analysis indicated that no reasonable possible changes in the assumptions would cause the carrying amount of each CGU to exceed its recoverable amount.

17 - PROVISIONS

In the normal course of business, the Corporation claims refunds from its suppliers for annual inventory returns, product replacement programs, shipping and pricing errors and other adjustments. The Corporation records a provision to reflect the uncertainty inherent in the recovery of these types of claims, based on the settlement history for similar claims and management's best estimate of the future payments required to settle the outstanding claims at each reporting date. Due to the large number of similar claims and the unavailability of timely information about the probable cash outflows for each individual unsettled claim, the provision is estimated on the basis of the total amount of uncertain claims rather than on an individual basis.

Due to the short term nature of provisions for these claims, they are presented as current liabilities within "Trade and other payables and provisions" in the Corporation's Consolidated Statement of Financial Position.

	2011	2010
	$	$
Balance at January 1	**8,557**	4,585
Increase in provisions	**1,514**	5,958
Reductions resulting from settlements	**(107)**	—
Reductions resulting from write-offs	**(8,650)**	(1,986)
Balance at December 31	**1,314**	**8,557**

18 - CREDIT FACILITIES, LONG-TERM DEBT AND CONVERTIBLE DEBENTURES

Credit facilities

2011

On January 6, 2011, a new unsecured credit facility, which had been put in place and fully committed prior to December 31, 2010, replaced the Corporation's former credit facility. The new credit facility consists of two tranches. The first is a term loan of US$200,000 repayable through increasing quarterly instalments and bearing interest at the LIBOR rate in US dollars plus 2.3%. The second tranche is a US$200,000 long-term revolving facility, available in Canadian or US dollars and bearing interest at variable interest rates plus 2.3%. Both tranches are recorded net of financing costs, and the interest expense is recognized using the effective interest rate method.

On December 5, 2011, the long-term revolving facility was increased to US$250,000 in order to finance the acquisition of Parts Depot Inc., and to reimburse the amount of C$10,076 drawn on the operating credit facility of its subsidiary on December 5, 2011. Amounts drawn on the term loan and revolving facility totalled US$194,375 and US$155,770, respectively, at December 31, 2011. The Corporation also issued letters of credit under its long-term revolving facility to guarantee the payment of certain liabilities by its subsidiaries. At December 31, 2011, the outstanding letters of credit totalled $11,969. Refer to Note 24 for further details.

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

18 - CREDIT FACILITIES, LONG-TERM DEBT AND CONVERTIBLE DEBENTURES (CONTINUED)

2010

In 2010, the Corporation had two credit facilities for a total amount of US$336,764. The first credit facility, for an amount of US$324,773, was held by the parent company and the second, for an amount of C$12,000, was held by a subsidiary. The first credit facility was comprised of a revolving credit of US$234,836 maturing in October 2011. This credit facility also included a US$89,937 operating credit maturing in October 2011, which was also used for the issuance of letters of credit. This credit facility was refinanced by a new, fully committed credit facility, that was put in place before the end of the year. At December 31, 2010, the issued letters of credit totalled $7,970. The US$324,773 credit facility was available in Canadian or US dollars. The second facility of C$12,000 was an operating credit redeemable on demand. It was secured by the assets of the subsidiary with a book value of US$30,711. This second facility was available in Canadian dollars.

Joint ventures

The authorized lines of credit for the Corporation's joint ventures totalled $1,179 ($1,199 in 2010). These lines of credit bear interest at variable rates and are renewable annually on their anniversary dates. At December 31, 2011, the interest rates range from 3.5% to 3.75% (3.5% to 3.75% in 2010).

Long-term debt

	Maturity	Nominal interest rate	**Current portion**	**December 31, 2011**	December 31, 2010	January 1, 2010
		%	**$**	**$**	$	$
Term loan, variable rate, designated as a hedge of net investments in foreign operations (1) - US$194,375	2016	1.97%	**13,125**	**191,772**	—	—
Revolving facility, variable rate, designated as a hedge of net investments in foreign operations - US$155,770	2016	2.6% to 5.05%	—	**154,434**	—	—
Revolving credit, variable rate designated as a hedge of net investments in foreign operations, net of financing costs (1) - US$170,800	2011	3.86%	—	—	170,550	170,271
Notes payable, secured and unsecured, payable in monthly instalments	2013	0% to 7.25%	**868**	**2,479**	170	227
Finance leases, variable rates		1.90% to 2.25%	**1,561**	**4,188**	—	—
				352,873	170,720	170,498
Instalments due within one year				**15,554**	110	125
			15,554	**337,319**	170,610	170,373

(1) The interest rates reflect the derivative financial instruments designated as interest rate hedges as described in Note 27.

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

18 - CREDIT FACILITIES, LONG-TERM DEBT AND CONVERTIBLE DEBENTURES (CONTINUED)

Convertible debentures

2011

On January 6, 2011, the Corporation also issued convertible unsecured subordinated debentures which bear interest at a rate of 5.9% per annum, payable semi-annually on January 31 and July 31 of each year. The debentures are convertible at the holder's option into common shares of the Corporation at a price of C$41.76 per share, representing a conversion rate of 23.9 common shares per C$1,000 principal amount of convertible debentures. The convertible debentures will mature on January 31, 2016 and may be redeemed by the Corporation, in certain circumstances, after January 31, 2014. The equity component of the debentures was determined as the difference between the fair value of the convertible debentures as a whole and the fair value of the liability component.

	2011
	$
Issuance on January 6	**52,041**
Financing and transaction costs	**(2,300)**
Net proceeds of issuance	**49,741**
Recognition of equity component [1]	**(2,306)**
Accreted interest	**443**
Amortization of financing costs	**426**
Effects of fluctuations in exchange rates	**(1,079)**
Balance at December 31	**47,225**

[1] A tax impact of $619 was also recorded in the equity component of the convertible debentures.

Principal repayments due on long-term debt and convertible debentures, excluding finance leases amount to the following amounts:

2012	2013	2014	2015	2016	Thereafter
14,116	15,620	15,273	20,739	333,414	378

The present value of minimum lease payments for finance leases are as follows:

	December 31, 2011	December 31, 2010
	$	$
Less than one year	**1,561**	–
Between one and five years	**2,627**	–
More than five years	**—**	–
	4,188	–

As at December 31, 2011, the carrying values of leased assets, which are presented under automotive equipment in property, plant and equipment, was $4,381.

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

19 - MERCHANT MEMBERS' DEPOSITS IN THE GUARANTEE FUND

	December 31, 2011	December 31, 2010	January 1, 2010
	$	$	$
Merchant members' deposits in the guarantee fund	**7,897**	7,882	7,223
Instalments due within one year	**140**	159	260
	7,757	7,723	6,963

Merchant members are required to contribute to a fund to guarantee a portion of their amounts due to the Corporation. The deposit amounts are based on each merchant members' purchase volume, and bear interest at the prime rate less 1%. The interest rate in effect were 2% at December 31, 2011 (2% at December 31, 2010, and 1.25% at January 1, 2010) for members.

20 - SHARE CAPITAL

Authorized

The Corporation's capital structure includes an unlimited number of common shares, without par value, and an unlimited number of preferred shares, without par value, issuable in series with the following characteristics:

- Common Shares:
  Each common share entitles the holder thereof to one vote and to receive dividends in such amounts and payable at such time as the Board of Directors shall determine after the payment of dividends to the preferred shares. In the event of a liquidation, dissolution or winding-up, the holders shall be entitled to participate in the distribution of the assets after payment to the holders of the preferred shares.

- Preferred Shares:
  The preferred shares are non-voting shares issuable in series. The Board of Directors has the right, from time to time, to fix the number of, and to determine the designation, rights, privileges, restrictions and conditions attached to the preferred shares of each series. The holders of any series of preferred shares are entitled to receive dividends and have priority over common shares in the distribution of the assets in the event of a liquidation, dissolution or winding-up in priority to the common shares. There are no outstanding preferred shares.

	December 31, 2011	December 31, 2010
	$	$
Issued and fully paid		
Balance, beginning of period: 19,707,637 common shares (19,716,357 in 2010)	**39,099**	39,046
Issuance of 16,180 common shares on the exercise of stock options (5,980 in 2010)	**235**	89
Redemption of 70,800 common shares (14,700 in 2010) [(1)]	**(374)**	(36)
Issuance of 1,983,750 common shares [(2)]	**49,980**	—
Balance, end of period: 21,636,767 common shares (19,707,637 in 2010)	**88,940**	39,099

(1) The Corporation redeemed 70,800 common shares for cash consideration of $1,855 including a share redemption premium of $1,481 applied as a reduction of retained earnings. In 2010, the Corporation redeemed 14,700 common shares for cash consideration of $366 including a share redemption premium of $330 applied as a reduction of retained earnings.

(2) To complete the financing of its FinishMaster, Inc. acquisition, the Corporation completed an offering of 1,983,750 common shares. The increase of $49,980 represents proceeds of issuance of $49,361 net of transaction costs. A deferred tax impact of $619 was recorded related to the share issuance costs.

Dividends of C$0.48 per common share were declared by the Corporation for the year ended December 31, 2011 (C$0.47 in 2010).

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

20 - SHARE CAPITAL (CONTINUED)

Common share stock option plan for management employees and officers

Under the conditions of the Corporation's stock option plan, options granted vest at a rate of 20% per year, beginning at the date that such options are granted, provided that the recipient has accumulated a minimum of one year of service for the Corporation. The options are granted at the common share close price on the Toronto Stock Exchange on the day preceeding the grant date, and are exercisable over ten years. The option plan provides for the purchase of a maximum of 1,859,400 common shares of the capital share of the Corporation. At December 31, 2011, 1,212,914 common shares (1,196,734 in 2010) have been issued under this plan. At December 31, 2011 90,895 common shares (107,075 in 2010) are reserved for additional options under this plan.

A summary of the Corporation's stock option plan for the years ended December 31, 2011 and 2010 is presented below:

		2011		2010
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		C$		C$
Outstanding, beginning of year	**77,949**	**27.07**	73,929	26.15
Granted	**—**	**—**	10,000	26.70
Exercised	**(16,180)**	**15.05**	(5,980)	15.05
Outstanding, end of year	**61,769**	**30.22**	77,949	27.07
Exercisable, end of year	**45,769**	**30.42**	47,949	23.30

At December 31, 2011, the range of exercise prices, the weighted average exercise price and the weighted average remaining contractual life of the Corporation's options are as follows:

		Options outstanding			**Options exercisable**
Range of exercise price	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable	Weighted average exercise price
$C			**C$**		**C$**
16.25	**1,769**	**0.48**	**16.25**	**1,769**	**16.25**
26.70 - 31.42	**60,000**	**6.50**	**30.63**	**44,000**	**30.99**
	61,769	**6.33**	**30.22**	**45,769**	**30.42**

Compensation expense of $77 was recorded in the net earnings for each of the years ended December 31, 2011 and 2010, with the corresponding amounts recorded in contributed surplus.

No stock options were granted during the year ended December 31, 2011 (10,000 options were granted in 2010). The fair value of options granted in 2010 was estimated on the grant date for the purposes of determining the stock-based compensation expense using the Black & Scholes option pricing model based on the following assumptions:

	2010
Weighted average exercise price (in C$)	26.70
Expected dividend yield	1.41
Expected volatility	25.51
Risk-free interest rate	2.37
Expected life in years	7.00

The expected volatility is based on historical volatility of the Corporation's stock.

The weighted average fair value of stock options granted for the 2010 fiscal year was C$7.01.

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

21 - ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Cumulative translation account	Unrealized exchange gains (losses) translation of hedge of net investments in foreign operations	Accumulated changes in fair value of derivative financial instrument designated as cash flow hedge	Total
Balance at January 1, 2010	—	—	(3,515)	(3,515)
Other comprehensive income (loss)	382	7,834	(1)	8,215
Balance at December 31, 2010	382	7,834	(3,516)	4,700
Other comprehensive income (loss)	5,051	(5,222)	1,687	1,516
Balance at December 31, 2011	**5,433**	**2,612**	**(1,829)**	**6,216**

22 – POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Corporation offers pension benefits to its Canadian employees through a basic registered pension plan, a registered pension plan for senior management and a non-registered supplemental pension plan for certain senior members of management. These pension plans are defined benefit plans. The benefits under the Corporation's defined benefit plans are based on years of service and final average salary. The two registered pension plans are funded by the Corporation and the members of the plan. Employee contributions are determined according to the members' salaries and cover a portion of the benefit costs. The employer contributions are based on an actuarial evaluation which determines the level of funding necessary to cover the Corporation's obligations. The non-registered pension plan is non-funded and the Corporation makes payments under this plan when the amounts become payable to the members.

The Corporation also contributes to various other plans that are accounted for as defined contribution plans. The total expense for the Corporation's defined contribution plans was $1,203 ($1,169 in 2010).

Total cash payments for employee future benefits for 2011, consisting of cash contributed by the Corporation to its funded pension plans, cash payments directly to beneficiaries for its non-funded pension plan and cash contributed to its defined contribution plans, were $4,405 ($3,066 in 2010).

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

22 – POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

Defined benefit pension plans

The Corporation evaluates its defined benefit obligations and the fair value of plan assets for accounting purposes on December 31 each year. An actuarial valuation of the defined benefit pension plans is obtained at least every three years.

Information regarding the status of the obligations and plan assets of the defined benefit plans is as follows:

		2011		2010
	Funded pension plans	**Non-funded pension plan**	Funded pension plans	Non-funded pension plan
	$	**$**	$	$
Defined benefit obligations				
Balance, beginning of year	**30,902**	**6,839**	23,000	5,212
Current service cost	**2,048**	**440**	1,344	307
Employee contributions	**1,013**	**—**	921	—
Interest cost	**1,829**	**389**	1,615	350
Benefits paid	**(866)**	**(288)**	(707)	(270)
Actuarial losses recognized in other comprehensive income	**5,852**	**1,248**	3,580	989
Effects of movements in exchange rate	**(625)**	**(128)**	1,149	251
Balance, end of year	**40,153**	**8,500**	30,902	6,839

		2011		2010
	Funded pension plans	**Non-funded pension plan**	Funded pension plans	Non-funded pension plan
	$	**$**	$	$
Plan assets				
Fair value, beginning of year	**22,328**	**—**	17,748	—
Expected return on plan assets	**1,748**	**—**	1,382	—
Employer contributions	**2,914**	**288**	1,897	—
Employee contributions	**1,013**	**—**	921	—
Benefits paid	**(866)**	**(288)**	(707)	—
Actuarial gains (losses) recognized in other comprehensive income	**(2,570)**	**—**	168	—
Effects of movements in exchange rate	**(504)**	**—**	919	—
Fair value, end of year	**24,063**	**—**	22,328	—

	December 31, 2011	December 31, 2010	January 1, 2010
	Pension plans	Pension plans	Pension plans
	%	%	%
Components of plan assets			
Equity securities	**75.1**	76.4	76.0
Debt securities	**24.9**	23.6	24.0
	100.0	100.0	100.0

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

22 – POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

The net obligation is presented in "Post-employment benefits obligation" in the Corporation's Consolidated Statements of Financial Position.

	December 31, 2011		December 31, 2010		January 1, 2010	
	Funded pension plans	**Non-funded pension plan**	Funded pension plans	Non-funded pension plan	Funded pension plans	Non-funded pension plan
	$	**$**	$	$	$	$
Fair value of plan assets	**24,063**	**—**	22,328	—	17,748	—
Defined benefit obligations	**(40,153)**	**(8,500)**	(30,902)	(6,839)	(23,000)	(5,212)
Post-employment benefit obligations	**(16,090)**	**(8,500)**	(8,574)	(6,839)	(5,252)	(5,212)

The expense for defined benefit plans recognized in employee benefits expenses in the Consolidated Statements of Earnings is as follows:

	2011		2010	
	Funded pension plans	**Non-funded pension plan**	Funded pension plans	Non-funded pension plan
	$	**$**	$	$
Current service cost	**2,048**	**440**	1,344	307
Interest cost	**1,829**	**389**	1,615	350
Expected return on plan assets	**(1,748)**	**—**	(1,382)	—
Defined benefit plans expense	**2,129**	**829**	1,577	657

Actuarial losses recognized in other comprehensive income:

	2011		2010	
	Funded pension plans	**Non-funded pension plan**	Funded pension plans	Non-funded pension plan
	$	**$**	$	$
Balance, beginning of year	**3,412**	**989**	—	—
Actuarial losses	**8,422**	**1,248**	3,412	989
Balance, end of year	**11,834**	**2,237**	3,412	989

The significant actuarial assumptions at the reporting date are as follows (weighted average assumptions as of December 31):

	December 31, 2011		December 31, 2010		January 1, 2010	
	Funded pension plans	**Non-funded pension plan**	Funded pension plans	Non-funded pension plan	Funded pension plans	Non-funded pension plan
	%	**%**	%	%	%	%
Defined benefit obligations						
Discount rate	**4.50**	**4.50**	5.40	5.40	6.40	6.40
Rate of compensation increase	**3.75**	**3.75**	3.75	3.75	4.00	4.00
Benefit costs						
Discount rate	**5.40**	**5.40**	6.40	6.40		
Expected long-term rate of return on plan assets	**7.25**		7.25			
Rate of compensation increase	**3.75**	**3.75**	4.00	4.00		

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

22 – POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

The expected long-term rate of return on plan assets has been determined based on the long-term return expectation stipulated in the Statement of Investment Policy and Procedures for the Pension Plan as well as the target asset mix of each fund manager comprised in the Plan Investment Portfolio.

The actual loss on plan assets was $822 for the year ended December 31, 2011 and the actual return on plan assets was $1,550 for the year ended December 31, 2010.

The development of the Corporation's defined benefit plans may also be summarized as follows (amounts before the date of transition are not shown as the Corporation has applied the IFRS 1 exemption (Note 30)):

	December 31, 2011	December 31, 2010	January 1, 2010
	Pension plans	Pension plans	Pension plans
	$	$	$
Defined benefit obligations	**(48,653)**	(37,741)	(28,212)
Fair value of plan assets	**24,063**	22,328	17,748
Deficit	**(24,590)**	(15,413)	(10,464)
Experience gains (losses) on plan obligations	**(7,304)**	(4,438)	—
Experience gains (losses) on plan assets	**(2,570)**	168	—

For the year 2012, the Corporation expects to make contributions of approximately $4,500 for its defined benefit plans.

23 - COMMITMENTS

The Corporation has entered into long-term operating lease agreements expiring at various dates until 2021 for the rental of buildings, vehicles and outsourcing of information technology services. The rent expense recorded in the Consolidated Statements of Earnings was $33,459 in 2011 and $23,143 in 2010. The minimum lease payments under these agreements are as follows:

	December 31, 2011	December 31, 2010	January 1, 2010
	$	$	$
Less than 1 year	**41,539**	23,252	22,996
Between 1 and 5 years	**87,594**	50,723	49,093
More than 5 years	**12,903**	5,631	9,674
	142,036	79,606	81,763

Some of these lease agreements contain renewal options for additional periods of one to five years which the Corporation may exercise by giving prior notice.

24 - GUARANTEES

Under inventory repurchase agreements, the Corporation has made commitments to financial institutions to repurchase inventory from some of its customers at rates varying from 60% to 80% of the cost of the inventory for a maximum amount of $69,340 ($64,875 in 2010). In the event of a default by a customer, the inventory would be liquidated in the normal course of the Corporation's operations. These agreements are for undetermined periods of time. In management's opinion and based on historical experience, the likelihood of significant payments being required under these agreements, and losses being absorbed is low, since the value of the assets held in guarantee is significantly greater than the Corporation's financial obligations.

Under the terms of its credit facility, the Corporation has issued letters of credit for an amount of $11,969 at December 31, 2011 ($7,970 in 2010). These letters of credit have been issued to guarantee the payments of certain employee benefits and the balance on the purchase price of a business combination completed in 2011. The letters of credit are not recorded in the Corporation's long-term debt as the related amounts have been recorded directly in the Corporation's Consolidated Statements of Financial Position, if applicable.

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

25 - RELATED PARTIES

During the years ended December 31, 2011 and 2010, shares of the Corporation were widely held and the Corporation did not have an ultimate controlling party.

Transactions with key management personnel

Key management includes directors (executive and non-executive) and members of the Executive Committee. For the years ended December 31, 2011 and 2010, the compensation paid or payable to key management personnel was as follows:

	2011	2010
	$	$
Salaries and short-term employee benefits	**3,070**	2,611
Post-employment benefits (including contributions to defined benefit pension plans)	**346**	250
Other long-term benefits	**568**	474
Share-based payments	**—**	68
	3,984	3,403

There were no related party transactions with key management personnel for the years ended December 31, 2011 and 2010.

Other transactions

During the year, the Corporation incurred rental expenses of $3,500 ($3,304 in 2010) from Clarit Realty Ltd, a company controlled by a member of the Board of Directors. The associated lease agreements were concluded in the Corporation's normal course of business for various terms of no more than 5 years.

Transactions with subsidiaries are eliminated in the Consolidated Financial Statements. The Corporation's significant ownership interests in subsidiaries of 100% at December 31, 2011 and 2010 are as follows:

- Beck/Arnley Worldparts, Inc.
- FinishMaster, Inc.
- North Shore Parts & Industrial Supplies Ltd.
- Plastique Royal Inc.
- Uni-Select Alberta Inc.
- Uni-Select Eastern Inc.
- Uni-Select Lux Holdco Inc.
- Uni-Select Luxembourg S.à r.l.
- Uni-Select Prairies Inc.
- Uni-Select Purchases Inc.
- Uni-Select Purchases, G.P.
- Uni-Select Quebec Inc.
- Uni-Select USA Holdings, Inc.
- Uni-Select USA Inc.

The ownership interest in the subsidiary, Uni-Select Pacific Inc., is 88.46% at December 31, 2011 (78.85% in 2010).

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

26 - CAPITAL MANAGEMENT

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

- Maintain a total net (of cash) debt on total net debt plus equity ratio lower than 45%;
- Maintain a long-term debt on equity ratio lower than 125%;
- Provide shareholders with growth in the value of their shares by maintaining a return on total shareholders' equity 9% greater than the risk-free interest rate 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 finance costs, income taxes, depreciation and amortization (EBITDA) ratio of 3.5.

In the management of capital, the Corporation includes total shareholders' equity, convertible debentures, long-term debt, merchant members' deposits in the guarantee fund and bank indebtedness net of cash.

The Corporation 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 Corporation has several tools, notably a share repurchase-for-cancellation program pursuant to normal course issuer bids and a flexible credit allowing it to react quickly to business opportunities. Also, the Corporation 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 Corporation has put in place a vendor financing program under which payments to certain suppliers are deferred.

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

The following table shows the different indications used by the Corporation:

	2011	2010
Total net debt on total net debt plus total shareholders' equity ratio (1)	**40.9%**	33.2%
Long-term debt on total shareholders' equity ratio (1)	**69.4%**	46.8%
Return on total shareholders' equity ratio (2)	**12.5%**	12.2%
Funded debt on EBITDA ratio (1)	**3.31**	2.53

(1) The increase in debt ratios comes mainly from additional financing as a result of new business combinations.
(2) In 2010, excluding the loss from discontinued operations, the ratio would have been 12.5% for return on total shareholders' equity.

The interest rate applicable on the credit facility entered into in 2011 is contingent on the achievement of certain financial ratios such as funded debt on EBITDA and total net debt on total net debt plus total shareholders' equity, which are the same ratios the Corporation is required to comply with. The Corporation was in compliance with these covenants at December 31, 2011.

The Corporation's overall strategy with respect to capital risk management remains unchanged from the prior year.

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

27 - FINANCIAL INSTRUMENTS

Classification of financial instruments as well as their carrying amount and fair value are summarized in the following table:

	December 31, 2011		December 31, 2010		January 1, 2010	
	Carrying amount	**Fair value**	Carrying amount	Fair value	Carrying amount	Fair value
	$	**$**	$	$	$	$
Financial assets classified as loans and receivables						
Cash	**1,671**	**1,671**	379	379	15,144	15,144
Trade and other receivables	**192,723**	**192,723**	154,587	154,587	140,705	140,705
	194,394	**194,394**	154,966	154,966	155,849	155,849
Financial assets classified as available-for-sale						
Investments and advances to merchant members	**27,921**	(1)	19,486	(1)	19,119	(1)
	27,921	—	19,486	—	19,119	—
Financial liabilities						
Financial liabilities carried at amortized cost						
Bank indebtedness	**497**	**497**	11,455	11,455	42	42
Trade and other payables and provisions	**301,415**	**301,415**	190,525	190,525	174,947	174,947
Dividends payable	**2,552**	**2,552**	2,294	2,294	2,195	2,195
Long-term debt	**352,873**	**352,873**	170,720	170,720	170,498	170,498
Convertible debentures (2)	**47,225**	**50,870**	—	—	—	—
Merchant members' deposits in the guarantee fund	**7,897**	(1)	7,882	(1)	7,223	(1)
	712,459	—	382,876	—	354,905	—
Financial liabilities carried at fair value						
Derivative financial instruments	**2,505**	**2,505**	4,816	4,816	4,951	4,951

(1) The fair value of investments in shares could not be determined given that the shares are not publicly traded. Substantially all advances, customer investments and deposits in the guarantee fund result from transactions with merchant members.

(2) The fair value of the convertible debentures, as set out above, was determined using their bid price at the end of the reporting period.

The fair value of cash, trade and other receivables, trade and other payables and provisions, bank indebtedness and dividends payable approximate their carrying amount given that they will mature shortly.

The fair value of 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 renegotiated with the actual economic conditions.

Derivative financial instruments used in cash flow hedges

In 2008, the Corporation entered into swap agreements to hedge the variable interest cash flows related to a portion of the revolving credit (Note 18) for a nominal amount of US$120,000 for interest cash flows at fixed rates ranging from 3.35% to 3.94%. These contracts mature in a series of three equal portions, with the first portion having been settled in 2011. The remaining balance of swap agreements of US$80,000 at December 31, 2011 will mature in two equal portions in 2012 and 2013.

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

27 - FINANCIAL INSTRUMENTS (CONTINUED)

In 2011, the Corporation entered into additional swap agreements to hedge the variable interest cash flows related to forecast transactions beginning in 2012 on a portion of the Corporation's revolving credit (Note 18) for a nominal amount of US$80,000. The interest rate swap will fix the interest cash flows at 0.97% until their maturity in 2016.

The cash flows related to the interest rate swaps are expected to occur in the same periods as they are expected to affect the net earnings. The following table indicates the periods in which the related cash flows are expected to occur:

Nominal amount at inception	Nominal amount at December 31, 2011	Fixed Rate					Maturity
			2012	2013	2014	2015	2016
60,000	40,000	3.94%	20,000	20,000	—	—	—
30,000	20,000	3.50%	10,000	10,000	—	—	—
30,000	20,000	3.35%	10,000	10,000	—	—	—
80,000	80,000	0.97%	—	—	—	—	80,000
200,000	160,000		40,000	40,000	—	—	80,000

The fair values of the interest rate swaps are calculated using quotes for similar instruments at the financial position date as determined by the Corporation and represent an amount payable by the Corporation of $2,505 at December 31, 2011 ($4,816 at December 31, 2010 and $4,951 at January 1, 2010).

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 Corporation is exposed to risks that arise from financial instruments primarily consisting of credit risk, liquidity risk, foreign exchange risk and interest rate risk. The Corporation manages these risk exposures on an 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 Corporation is exposed represents the carrying amount of cash and trade and other receivables and investments and advances to merchant members. No account represents more than 5% of total accounts receivable. In other to manage its risk, specified credit limits are determined for certain accounts and reviewed regularly by the Corporation.

Also, the Corporation holds in guarantee some personal property as well as some assets of certain customers and those customers are required to contribute to a fund to guarantee a portion of their amounts due to the Corporation, being the merchant members' deposits in the guarantee funds. Lastly, the financial condition of customers 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 Corporation's net earnings, as proven by the average bad debt on sales rate of 0.1% for the last three years.

At December 31, 2011, past-due accounts receivable represent $12,439 ($10,303 in 2010) and an allowance for doubtful accounts of $5,353 ($3,857 in 2010) is provided.

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

27 - 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 the changes in the allowance for doubtful accounts:

	2011	2010
	$	$
Balance at December 31, 2010 and January 1, 2010	**3,857**	3,739
Currency translation adjustment	**(13)**	39
Bad-debt expense	**342**	1,811
Write-offs	**(1,679)**	(837)
Amounts recovered	**(110)**	(895)
Business combination	**2,956**	—
Balance at December 31	**5,353**	3,857

Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting its obligations on time and at a reasonable cost. The Corporation 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 Corporation prepares budget and cash forecasts to ensure that it has sufficient funds to meet its obligations.

The Corporation has a renewable credit facility in the amount of $444,375 ($336,764 in 2010) (Note 18). At December 31, 2011, the Corporation benefits from an unused credit facility of approximately $82,000 ($147,000 in 2010).

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

The following tables summarize the contractual maturities and estimated future interest payments of the Corporation's financial liabilities:

				December 31, 2011
	Carrying amount	**Maturing under 1 year**	**1 to 3 years**	**Over 3 years**
Non derivative financial liabilities				
Bank indebtedness	**497**	**514**	**—**	**—**
Trade and other payables and provisions	**301,415**	**301,415**	**—**	**—**
Dividends payable	**2,552**	**2,552**	**—**	**—**
Long-term debt	**352,873**	**25,872**	**84,934**	**291,855**
Convertible debentures	**47,225**	**3,000**	**9,001**	**52,355**
Interest payable	**2,333**	**2,333**	**—**	**—**
Merchant members' deposits in the guarantee fund	**7,897**	**300**	**158**	**7,877**
	714,792	**335,986**	**94,093**	**352,087**
Derivative financial instruments used for hedging	**2,505**	**2,283**	**645**	**-**
	717,297	**338,269**	**94,738**	**352,087**

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

27 - FINANCIAL INSTRUMENTS (CONTINUED)

				December 31, 2010
	Carrying amount	Maturing under 1 year	1 to 3 years	Over 3 years
Non derivative financial liabilities				
Bank indebtedness	11 455	11 455	—	—
Trade and other payables and provisions	190 525	190 525	—	—
Dividends payable	2 294	2 294	—	—
Long-term debt	170 720	114	191 224	—
Interest payable	42	42	—	—
Merchant members' deposits in the guarantee fund	7 882	320	158	7 877
	382 918	204 750	191 382	7 877
Derivative financial instruments used for hedging	4 816	3 668	2 236	—
	387 734	208 418	193 618	7 877

				January 1, 2010
	Carrying amount	Maturing under 1 year	1 to 3 years	Over 3 years
Non derivative financial liabilities				
Bank indebtedness	42	42	—	—
Trade and other payables and provisions	174 947	174 947	—	—
Dividends payable	2 195	2 195	—	—
Long-term debt	170 498	128	182 829	—
Merchant members' deposits in the guarantee fund	7 223	351	88	7 050
	354 905	177 663	182 917	7 050
Derivative financial instruments used for hedging	4 951	2 388	3 265	—
	359 856	180 051	186 182	7 050

Foreign exchange risk

The Corporation is exposed to foreign exchange risk on its financial instruments due to merchandise and equipment purchased in currencies other that the respective functional currencies of the Corporation and its subsidiares. Management considers that fluctuations in the US dollar versus the Canadian dollar will not have a material impact on net earnings.

The Corporation has certain investments in foreign operations (United States of America) whose net assets are exposed to foreign currency translation. The Corporation hedges the foreign exchange risk exposure related to those investments with US dollar denominated debt instruments (Note 18).

Interest rate risk

The Corporation is exposed to interest rate fluctuations, primarily due to its variable rate debts. The Corporation 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. At December 31, 2011, the fixed rate portion of financial debt represents approximately 50% of the total, while the variable rate portion represents 50%.

A 25-basis-point rise or fall in interest rates, assuming that all other variables remain the same, would have resulted in a $533 decrease or increase in the Corporation's net earnings for the year ended December 31, 2011, whereas other comprehensive income would have resulted in a $271 increase or decrease. These changes are considered to be reasonably possible based on an observation of current market conditions.

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

28 - GEOGRAPHIC INFORMATION

The Corporation assesses its performance using earnings before finance costs, depreciation and amortization, income taxes and non-controlling interest.

The Corporation considers its distribution and commercial activities of automotive replacement parts and automotive paints, coatings and accessories as constituting a single operating segment. This assessment, made in 2010, was the result of the implementation of a new organizational structure that eliminated the boundaries between the Corporation's operations in Canada and in the United States and which was based on growth platforms aimed to integrate the activities of the Jobbers and Major Accounts divisions.

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

	2011	2010
	$	$
Sales in Canada	**538,291**	503,539
Sales in the United States	**1,242,279**	781,836
	1,780,570	1,285,375

			December 31, 2011
	Canada	**United States**	**Total**
	$	**$**	**$**
Property and equipment	**12,956**	**30,178**	**43,134**
Intangible assets	**20,988**	**135,970**	**156,958**
Goodwill	**40,048**	**144,686**	**184,734**

			December 31, 2010
	Canada	United States	Total
	$	$	$
Property and equipment	15,320	17,152	32,472
Intangible assets	20,188	40,993	61,181
Goodwill	40,556	54,169	94,725

			January 1, 2010
	Canada	United States	Total
	$	$	$
Property and equipment	13,133	21,942	35,075
Intangible assets	15,968	13,450	29,418
Goodwill	39,016	50,761	89,777

29 - CONSOLIDATED STATEMENTS OF EARNINGS BY NATURE

	Note	**2011**	2010
		$	$
Sales		**1,780,570**	1,285,375
Operating expenses			
Employee benefits		**289,631**	204,411
Purchases, net of change in inventories		**1,242,494**	920,845
Other expenses		**143,177**	85,001
		1,675,302	1,210,257
Earnings before net gain on disposal of assets, acquisition-related costs, depreciation and amortization, finance costs and income taxes		**105,268**	75,118
Net gain on disposal of assets		**(1,728)**	—
Acquisition-related costs	8	**3,277**	—
Depreciation and amortization	7	**22,166**	12,132
		23,715	12,132
Operating profit		**81,553**	62,986
Finance costs, net	6	**17,283**	6,948
Earnings before income taxes		**64,270**	56,038
Income taxes	12		
Current		**(5,444)**	13,837
Deferred		**13,734**	(2,627)
		8,290	11,210
Earnings from continuing operations		**55,980**	44,828
Loss from discontinued operations	9	**—**	(914)
Net earnings		**55,980**	43,914
Attributable to shareholders		**56,545**	44,180
Attributable to non-controlling interests		**(565)**	(266)
		55,980	43,914
Earnings per share	10		
Basic			
From continuing operations		**2.61**	2.29
From discontinued operations		**—**	(0.05)
Net earnings		**2.61**	2.24
Diluted			
From continuing operations		**2.59**	2.29
From discontinued operations		**—**	(0.05)
Net earnings		**2.59**	2.24
Weighted average number of shares outstanding (in thousands)	10		
Basic		**21,646**	19,717
Diluted		**22,871**	19,725

30 - FIRST ADOPTION OF IFRS

The accounting policies set out in Note 3 have been applied in preparing the Consolidated Financial Statements for the year ended December 31, 2011, the comparative information presented in these Consolidated Financial Statements for the year ended December 31, 2010 and in the preparation of an opening IFRS Consolidated Statement of Financial Position at January 1, 2010 (the Corporation's date of transition).

The Corporation has adjusted amounts previously reported in Consolidated Financial Statements prepared in accordance with Canadian GAAP. An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Corporation's financial position, financial performance and cash flows is set out in the following tables and accompanying notes.

First-time adoption exemptions applied

Upon transition, IFRS 1, "First time adoption of International Financial Reporting Standards" permits certain exemptions and exceptions from full retrospective application. The Corporation has applied the mandatory exceptions and certain optional exemptions. The exemptions and exceptions adopted by the Corporation are set out below.

IFRS optional exemptions

- BUSINESS COMBINATIONS - The Corporation elected not to retrospectively apply IFRS 3, "Busines Combinations", to business combinations that occurred prior to its transition date and such business combinations have not been restated. Any goodwill arising on such business combinations before the transition date has not been adjusted from the carrying values previously determined under Canadian GAAP as a result of applying this exemption.

- EMPLOYEE BENEFITS - The Corporation elected to recognize all cumulative actuarial gains and losses that existed at its transition date in opening retained earnings for all of its employee defined benefit plans. The Corporation has also elected to use the exemption not to disclosed defined benefit plan surplus / deficit and experience adjustments prior to the date of transition.

- CUMULATIVE TRANSLATION ADJUSTMENT - The Corporation has deemed the cumulative translation adjustment for foreign operations at the date of transition to be zero. Adjustments to give effect to this are recorded against opening equity. After the date of transition, translation differences arising on the translation of financing statements to the presentation currency are recognized in other comprehensive income and included in a separate cumulative translation account with equity.

- DESIGNATION OF PREVIOUSLY RECOGNIZED FINANCIAL INSTRUMENTS - The Corporation elected to change the designation of cash on adoption of IFRS from held-for-trading category to loans and receivable. The Corporation has also elected to classify investments and advances to merchant members, which were classified as loans and receivables under previous GAAP, as available-for-sale financial assets under IFRS.

- SHARE-BASED PAYMENTS TRANSACTIONS - The Corporation has elected to apply the requirements of IFRS 2 "Share-Based Payment", only to equity instruments granted after November 7, 2002 and which vested after the date of transition to IFRS.

- BORROWING COSTS - The Corporation has elected to apply the requirements of IAS 23 "Borrowing Costs" only to assets for which the commencement date for capitalization was on or after the date of transition to IFRS.

IFRS mandatory exceptions

- HEDGE ACCOUNTING - The Corporation has only applied hedge accounting in the opening Consolidated Statement of Financial Position where all the requirements in IAS 39 were met at the date of transition.

- ESTIMATES - The Corporation has used estimates under IFRS that are consistent with those applied under previous GAAP (with adjustments for accounting policy differences) unless there is objective evidence those estimates were in error.

- DERECOGNITION - The Corporation has applied the derecognition requirements in IAS 39 prospectively for transactions occuring on or after the date of transition to IFRS.

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

30 - FIRST ADOPTION OF IFRS (CONTINUED)

Reconciliation of the financial position at January 1, 2010

			Effect of transition to IFRS		
		GAAP	Adjustments	Reclassifications	IFRS
		$	$	$	$
ASSETS					
Cash		15,144	—	—	15,144
Trade and other receivables		143,742	—	—	143,742
Income taxes receivable		3,687	—	—	3,687
Inventory	**E**	384,627	(9,372)	—	375,255
Prepaid expenses	**F**	6,606	(554)	—	6,052
Deferred tax assets	**A**	9,617	—	(9,617)	—
Assets related to discontinued operations		2,863	—	—	2,863
Total current assets		566,286	(9,926)	(9,617)	546,743
Investments and advances to merchant members		16,082	—	—	16,082
Property and equipment	**L**	36,953	—	(1,878)	35,075
Deferred financing costs	**D**	530	—	(530)	—
Intangible assets	**L**	27,540	—	1,878	29,418
Goodwill		89,777	—	—	89,777
Deferred tax assets	**A, E, F, G, K**	3,209	5,390	9,617	18,216
TOTAL ASSETS		740,377	(4,536)	(530)	735,311
LIABILITIES					
Bank indebtedness		42	—	—	42
Trade and other payables and provisions	**F, K**	173,682	11,729	(10,464)	174,947
Dividends payable		2,195	—	—	2,195
Installments on long-term debt and on merchant members' deposits in the guarantee fund		385	—	—	385
Deferred tax liabilities	**A**	10,694	—	(10,694)	—
Liabilities related to discontinued operations		1,532	—	—	1,532
Total current liabilities		188,530	11,729	(21,158)	179,101
Deferred gain on a sale-leaseback agreement	**G**	1,945	(1,945)	—	—
Post-employment benefit obligations	**F**	—	—	10,464	10,464
Long-term debt	**D**	170,903	—	(530)	170,373
Merchant members' deposits in the guarantee fund		6,963	—	—	6,963
Derivative financial instruments		4,951	—	—	4,951
Deferred tax liabilities	**A, H**	7,473	88	10,694	18,255
Non-controlling interests	**B**	3,299	(43)	(3,256)	—
TOTAL LIABILITIES		384,064	9,829	(3,786)	390,107
EQUITY					
Share capital		39,046	—	—	39,046
Contributed surplus		298	—	—	298
Retained earnings	**C, E, F, G, H, K**	286,386	(14,365)	34,098	306,119
Accumulated other comprehensive income (loss)	**C**	30,583	—	(34,098)	(3,515)
TOTAL SHAREHOLDERS' EQUITY		356,313	(14,365)	—	341,948
Non-controlling interests	**B**	—	—	3,256	3,256
TOTAL EQUITY		356,313	(14,365)	3,256	345,204
TOTAL LIABILITIES AND EQUITY		740,377	(4,536)	(530)	735,311

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

30 - FIRST ADOPTION OF IFRS (CONTINUED)

Reconciliation of the financial position at December 31, 2010

			Effect of transition to IFRS		
		GAAP	Adjustments	Reclassifications	IFRS
		$	$	$	$
ASSETS					
Cash		379	—	—	379
Trade and other receivables	I	159,619	(2,400)	—	157,219
Income taxes receivable		7,020	—	—	7,020
Inventory	E	414,136	(9,800)	—	404,336
Prepaid expenses	F	8,022	(530)	—	7,492
Deferred tax assets	A	12,858	—	(12,858)	—
Total current assets		602,034	(12,730)	(12,858)	576,446
Investments and advances to merchant members		16,854	—	—	16,854
Property and equipment	L	34,389	—	(1,917)	32,472
Deferred financing costs	D	250	—	(250)	—
Intangible assets	J, L	58,139	1,125	1,917	61,181
Goodwill	I	92,325	2,400	—	94,725
Deferred tax assets	A, E, F, G, K	2,997	7,994	12,858	23,849
TOTAL ASSETS		806,988	(1,211)	(250)	805,527
LIABILITIES					
Bank indebtedness		11,455	—	—	11,455
Trade and other payables and provisions	F, K	186,688	19,250	(15,413)	190,525
Dividends payable		2,294	—	—	2,294
Installments on long-term debt and on merchant members' deposits in the guarantee fund		269	—	—	269
Deferred tax liabilities	A	8,788	—	(8,788)	—
Total current liabilities		209,494	19,250	(24,201)	204,543
Deferred gain on a sale-leaseback agreement	G	1,735	(1,735)	—	—
Post-employment benefit obligations	F	—	—	15,413	15,413
Long-term debt	D	170,860	—	(250)	170,610
Merchant members' deposits in the guarantee fund		7,723	—	—	7,723
Derivative financial instruments		4,816	—	—	4,816
Deferred tax liabilities	A, H, J	8,640	402	8,788	17,830
Non-controlling interests	B	2,657	(34)	(2,623)	—
TOTAL LIABILITIES		405,925	17,883	(2,873)	420,935
EQUITY					
Share capital		39,099	—	—	39,099
Contributed surplus		375	—	—	375
Retained earnings	C, E, F, G, H, K	322,227	(18,530)	34,098	337,795
Accumulated other comprehensive income (loss)	C, E, F, H, J, K	39,362	(564)	(34,098)	4,700
TOTAL SHAREHOLDERS' EQUITY		401,063	(19,094)	—	381,969
Non-controlling interests	B	—	—	2,623	2,623
TOTAL EQUITY		401,063	(19,094)	2,623	384,592
TOTAL LIABILITIES AND EQUITY		806,988	(1,211)	(250)	805,527

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

30 - FIRST ADOPTION OF IFRS (CONTINUED)

Reconciliation of net earnings for the year ended December 31, 2010

		GAAP	Effect of transition to IFRS Adjustments	Effect of transition to IFRS Reclassifications	IFRS
		$	$	$	$
Sales		1,285,375	—	—	1,285,375
Operating expenses					
Employee benefits	**F**	204,505	(94)	—	204,411
Purchases, net of change in inventories	**E, K**	918,007	2,838	—	920,845
Other expenses	**G**	84,789	212	—	85,001
		1,207,301	2,956	—	1,210,257
Earnings before depreciation and amortization, finance costs and income taxes		78,074	(2,956)	—	75,118
Depreciation and amortization	**D**	12,465	—	(333)	12,132
Operating profit		65,609	(2,956)	333	62,986
Finance costs, net	**D, J**	7,714	(1,099)	333	6,948
Earnings before income taxes		57,895	(1,857)	—	56,038
Income taxes					
Current		13,837	—	—	13,837
Deferred	**E, F, G, J, K**	(1,706)	(921)	—	(2,627)
		12,131	(921)	—	11,210
Earnings from continuing operations		45,764	(936)	—	44,828
Loss from discontinued operations		(914)	—	—	(914)
Net earnings		44,850	(936)	—	43,914
Attributable to shareholders		45,127	(947)	—	44,180
Attributable to non-controlling interests	**F**	(277)	11	—	(266)
		44,850	(936)	—	43,914
Earnings per share, basic and diluted					
From continuing operations		2.34	(0.05)	—	2.29
From discontinued operations		(0.05)	—	—	(0.05)
Net earnings		2.29	(0.05)	—	2.24

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

30 - FIRST ADOPTION OF IFRS (CONTINUED)

Reconciliation of comprehensive income for the year ended December 31, 2010

		GAAP	Effect of transition to IFRS Adjustments	Effect of transition to IFRS Reclassifications	IFRS
		$	$	$	$
Net earnings		44,850	(936)	—	43,914
Other comprehensive income					
Effective portion of changes in fair value of cash flow hedges (net of income taxes of $935)		(2,975)	—	—	(2,975)
Net change in fair value of derivative financial instrument designated as cash flow hedges transferred to earnings (net of income taxes of $1,070)		2,974	—	—	2,974
		(1)	—	—	(1)
Unrealized exchange gains on the translation of financial statements to the presentation currency	**E, F, H, J, K**	946	(564)	—	382
Unrealized exchange gains on translation of long-term debt designated as a hedge of net investments in foreign operations		7,834	—	—	7,834
Defined benefit plan actuarial losses (net of income taxes of $1,184)	**F**	—	(3,217)	—	(3,217)
Other comprehensive income		8,779	(3,781)	—	4,998
Comprehensive income		53,629	(4,717)	—	48,912
Attributable to shareholders		53,906	(4,728)	—	49,178
Attributable to non-controlling interests	**F**	(277)	11	—	(266)
		53,629	(4,717)	—	48,912

Reconciliation of equity at December 31, 2010 and January 1, 2010

		December 31, 2010	January 1, 2010
		$	$
Total shareholders' equity under Canadian GAAP		401,063	356,313
Increase (decrease) in reported equity due to differences between GAAP and IFRS:			
Cumulative translation adjustment	**C**	(564)	—
Rebates	**E**	(6,876)	(6,850)
Employee benefits	**F**	(8,516)	(5,412)
Deferred gain on a sale-leaseback agreement	**G**	1,024	1,148
Deferred taxes	**H**	(85)	(88)
Borrowing costs	**J**	797	—
Provisions	**K**	(4,874)	(3,163)
		(19,094)	(14,365)
Total shareholders' equity under IFRS		381,969	341,948
Non-controlling interests	**B**	2,623	3,256
Total equity		384,592	345,204

No material adjustments have been brought to the Consolidated Statement of Cash Flows for the year ended December 31, 2010.

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

30 - FIRST ADOPTION OF IFRS (CONTINUED)

A TAX RECLASSIFICATION - Under previous GAAP, deferred tax assets and liabilities were presented as current or long-term in the Consolidated Statements of Financial Position in accordance with the assets or liabilities that gave rise to the deferred tax balance. Under IFRS, all deferred tax assets and liabilities are classified as non-current irrespective of the classification of the underlying assets or liabilities to which they relate, or the timing of the expected reversal of the temporary difference.

B NON-CONTROLLING INTERESTS IN CONSOLIDATED SUBSIDIARIES - Under IFRS, non-controlling interests in the Consolidated Statements of Earnings and Consolidated Statements of Comprehensive Income are presented as an allocation of the net earnings and of other comprehensive income. Non-controlling interests in the Consolidated Statement of Financial Position and Consolidated Statement of Shareholders' Equity are classified as equity but are presented separately from equity attributable to equity holders of the Corporation. Under previous GAAP, non-controlling interests included in the Consolidated Statements of Earnings were presented as an expense in the calculation of consolidated net earnings. Non-controlling interests in the Consolidated Statements of Financial Position was previously classified between liabilities and shareholders' equity.

C CUMULATIVE TRANSLATION ADJUSTMENT - In accordance with IFRS 1, the Corporation has elected to deem all foreign currency translation differences that arose prior to the date of transition with respect to all foreign operations to be nil at the date of transition, and the corresponding adjustment was recorded in retained earnings.

D DEFERRED FINANCING COSTS - Under IFRS, financing costs are presented against the credit facility and recognized in finance costs using the effective interest method. Under previous GAAP, these costs were capitalized under "Deferred financing costs" and amortized using the straight-line method over a five-year period.

E REBATES - Under IFRS, there are no specific criteria for accounting for consideration received from suppliers, therefore such consideration in the form of discounts, rebates and other similar incentives, subject to the general requirements of IAS 2 "Inventories", are considered in the establishment of cost of goods sold, and as such are deducted in determining the costs of purchased goods for resale. Under Canadian GAAP, a portion of such consideration was considered a reimbursement of costs incurred by the Corporation to sell the products of the suppliers and to provide incentives to the customers and was accounted for as a reduction of such costs or as revenue, respectively. As a result of this difference, the comparative Consolidated Statement of Earnings for the year ended December 31, 2010 has been restated to include an increase of $4 in purchases, net of change in inventory, and a decrease in net earnings of $3, net of an income tax impact of $1. The Consolidated Statements of Financial Position at January 1, 2010 and December 31, 2010 have also been restated as follows:

	December 31, 2010	January 1, 2010
	$	$
Financial position impact		
Inventory	(9,800)	(9,372)
Deferred tax assets	2,636	2,522
Decrease in other comprehensive income	(288)	–
Decrease in retained earnings	(6,876)	(6,850)

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

30 - FIRST ADOPTION OF IFRS (CONTINUED)

F EMPLOYEE BENEFITS - Under previous GAAP, the Corporation recognized as an expense the net actuarial gain or loss in excess of 10% of the benefit obligation and the fair value of plan assets over the average remaining service period of active employees (the "corridor approach"). As part of its transition to IFRS, the Corporation elected to recognize all cumulative actuarial gains and losses that existed at its transition date in opening retained earnings for all of its employee benefit plans. Actuarial gains and losses occuring after the date of transition to IFRS are recognized immediately in other comprehensive income and retained earnings.

Under previous GAAP, past service costs from plan amendments were deferred and amortized on a straight-line basis over the remaining service period of active employees at the date of the amendment. Under IFRS, liabilities and expenses for vested past service costs under a defined benefit plan are recognized immediately when benefits are immediately vested.

During 2011, the Corporation completed its review of the differences between previous GAAP and IFRS, and identified an additional conversion impact not previously included in the 2010 Annual Report or in the 2011 interim Consolidated Financial Statements. As a result of the Corporation's election to recognize actuarial gains and losses arising after the date of transition immediately in other comprehensive income, the comparative Consolidated Statement of Comprehensive Income and the Consolidated Statement of Financial Position for the year ended December 31, 2010 have been restated to include an increase of $4,401 in the post-employment benefits obligation and an equivalent decrease in other comprehensive income, net of income taxes of $1,184.

	Year ended December 31, 2010
	$
Net earnings impact	
Employee benefits	(402)
Income tax expense	108
Net earnings	294
Attributable to shareholders	283
Attributable to non-controlling interests	11
	294

	December 31, 2010	January 1, 2010
	$	$
Financial position impact		
Prepaid expense	(530)	(554)
Trade and other payables and provisions	10,326	6,008
Deferred tax assets	2,918	1,765
Decrease in other comprehensive income	(226)	—
Decrease in non-controlling interests	(34)	(43)
Decrease in retained earnings	(7,678)	(4,754)

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

30 - FIRST ADOPTION OF IFRS (CONTINUED)

For employees of the US subsdiary, a provision relative to the personal time off ("PTO") policy is taken. Under IFRS, the obligation exists, and is recognized, even if the compensated absences are non-vesting, although the possibility that employees may leave before they use an accumulated non-vesting entitlement affects the measurement of that obligation. Under previous GAAP, no provision had to be taken since the compensated absence were not vested.

	Year ended December 31, 2010
	$
Net earnings impact	
Employee benefits	308
Income tax expense	(120)
Net earnings	(188)

	December 31, 2010	January 1, 2010
	$	$
Financial position impact		
Trade and other payables and provisions	1,364	1,041
Deferred tax assets	511	383
Decrease in other comprehensive income	(15)	—
Decrease in retained earnings	(838)	(658)

G DEFERRED GAIN ON A SALE-LEASEBACK AGREEMENT - Under previous GAAP, the Corporation had deferred gains on sale-leaseback transactions and was unrecognizing the gains in earnings over the lease term. Under IFRS, when the lease is classified as an operating lease, any gain is recognized immediately if the sale and leaseback terms clearly are at fair value.

	Year ended December 31, 2010
	$
Net earnings impact	
Other expenses	212
Income tax expense	(86)
Net earnings	(126)

	December 31, 2010	January 1, 2010
	$	$
Financial position impact		
Deferred gain on a sale-leaseback agreement	(1,735)	(1,945)
Deferred tax assets	(711)	(797)
Increase in retained earnings	1,024	1,148

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

30 - FIRST ADOPTION OF IFRS (CONTINUED)

H DEFERRED TAXES - Canadian GAAP allowed an exception to the basic concept of temporary differences for intangible assets other than goodwill acquired in assets deal. IFRS do not have an equivalent exception.

	December 31, 2010	January 1, 2010
	$	$
Financial position impact		
Deferred tax liabilities	89	88
Decrease in other comprehensive income	(4)	—
Decrease in retained earnings	(85)	(88)

I CONTINGENT CONSIDERATION - Under previous GAAP, contingent consideration was recognized only when its payment was probable. Under IFRS, the fair value of any contingent consideration must be measured at the acquisition date.

J BORROWING COSTS - Under previous GAAP, borrowing costs were not capitalized to qualifying assets, even though the Corporation had the option to do so. Under IFRS, borrowing costs that are directly attributable to the acquisition, construction or development of a qualifying asset are recognized as part of the cost of that asset.

	Year ended December 31, 2010
	$
Net earnings impact	
Finance costs	(1,099)
Income tax expense	302
Net earnings	797

	December 31, 2010	January 1, 2010
	$	$
Financial position impact		
Intangible assets	1,125	—
Deferred tax liabilities	313	—
Increase in other comprehensive income	15	—
Increase in retained earnings	797	—

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

30 - FIRST ADOPTION OF IFRS (CONTINUED)

K PROVISIONS - During 2011, the Corporation completed its review of the differences between previous GAAP and IFRS, and identified an additional conversion impact not previously included in the 2010 Annual Report or in the 2011 interim consolidated financial statements. Under previous GAAP, the threshold related to the probability of occurrence for the recognition of a provision was higher than under IFRS. Provisions were measured at management's single best estimate of the expected settlement amount, with the lower limit being retained for large populations of similar items with a continuous range of possible outcomes. Under IFRS, the measurement of provisions takes into account all probable outcomes, which are factored into the amount to be recognized based on management's best estimate of the probability of each possible outcome. For large populations of similar items with a continuous range of possible outcomes the median of the possible outcomes is retained under IFRS. For provisions expected to be settled beyond the next operating cycle, IFRS requires an entity to factor the time value of money into the amount recognized, which was not required under previous GAAP.

As a result of these differences in recognition and measurement criteria, the Corporation recognized provisions at the date of IFRS which were not required under previous GAAP. For the year ended December 31, 2010, these provisions were measured in accordance with IAS 37 "Provisions, contingent liabilities and contingent assets".

	Year ended December 31, 2010
	$
Net earnings impact	
Purchases , net of change in inventory	2,834
Income tax expense	(1,124)
Net earnings	(1,710)

	December 31, 2010	January 1, 2010
	$	$
Financial position impact		
Deferred tax assets	2,640	1,517
Trade and other payables and provisions	7,560	4,680
Decrease in other comprehensive income	(46)	—
Decrease in retained earnings	(4,874)	(3,163)

L SOFTWARE - Under previous GAAP, software were recorded in property and equipment. Under IFRS, software are recorded in intangible assets.

DIRECTORS AND OFFICERS[1]

BOARD OF DIRECTORS

Jean-Louis Dulac
Chairman of the Board

Clay E. Buzzard
Pierre Desjardins
Jean Dulac
Joseph P. Felicelli
Jean Guénette, CA
John A. Hanna, FCGA
Jacques L. Maltais
Hubert Marleau
Richard G. Roy, FCA
Me Jeanne Wojas

EXECUTIVE COMMITTEE

Jean-Louis Dulac*
Clay E. Buzzard
Pierre Desjardins
Richard G. Roy

CORPORATE GOVERNANCE COMMITTEE

Joseph P. Felicelli
John A. Hanna
Me Jeanne Wojas*

HUMAN RESOURCES AND COMPENSATION COMMITTEE

Pierre Desjardins*
Joseph P. Felicelli
Jacques L. Maltais
Me Jeanne Wojas

AUDIT COMMITTEE

Pierre Desjardins
Jean Guénette*
John A. Hanna
Hubert Marleau
Jean Dulac

* Chair of Committee

(1) As at March 8, 2012

MANAGEMENT COMMITTEE

Richard G. Roy, FCA*
President and Chief Executive Officer

Denis Mathieu, CA*
Vice President and Chief Financial Officer

William E. Alexander*
Executive Vice President,
Corporate Stores

Guy Archambault, P. eng
Vice President, Corporate Development

Jean-Pierre Beaulieu
Vice President and
Chief Information Officer

James E. Buzzard
Senior Vice President,
Corporate Development, USA

Robert Buzzard
Vice President, IT and Administration

Me Pierre Chesnay*
Vice President, Legal Affairs
and Secretary

Daniel Courtney*
President – FinishMaster, Inc.

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

René Jolicoeur*
Vice President, Human Resources

Martin Labrecque, CMA
Vice President, Finance and Control

Michel Laverdure
Vice President, Corporate Purchasing

Gary O'Connor*
Executive Vice President

Michel Ravacley, P. eng, MBA*
Vice President,
Supply Chain & Integration

Jean Rivard
Vice President, Special Projects

Brent Windom*
Vice President Marketing
& Product Management – North America

* Member of the Excutive Management Committee

SHAREHOLDER INFORMATION

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LISTING

Ticker Symbol : UNS, Toronto Stock Exchange

AUDITORS

Raymond Chabot Grant Thornton (LLP)

LEGAL COUNSEL

McCarthy Tétrault

BANKERS

Bank of America
Bank of Montreal
Caisse Centrale Desjardins
JP Morgan Chase Bank
Laurentian Bank of Canada
M & T Bank
National Bank of Canada
Royal Bank of Canada

REGISTRAR AND TRANSFER AGENT

Computershare

ANNUAL INFORMATION FORM

The Annual Information Form
for the year ended December 31, 2011
is available on SEDAR (www.sedar.com)
or may be obtained upon written request
to the Secretary of the Company.

ANNUAL MEETING OF SHAREHOLDERS

May 8, 2012, at 1:30 p.m.
Montreal Marriott
Chateau Champlain –
Le Caf'conc

UNISELECT.COM

DESIGN: CGCOM.COM