2014 ANNUAL REPORT

Empowered by customer experience

Table of contents

Message to shareholders 1
Management's discussion and analysis 5
Consolidated financial statements 34
Historical financial information 74

The 5,300 people who make up Uni-Select's team share a common goal: to provide our customers with a truly superior experience. Uni-Select boasts 52 distribution centres and 418 corporate stores, supporting an extensive network of more than 3,100 independent wholesalers. We offer advanced solutions and first-rate service to tens of thousands of professional service centres. A leader in the Canadian automotive aftermarket industry, Uni-Select is the fifth-largest automotive parts distributor and the largest independent paint distributor in North America.

Uni-Select provides fast and effective distribution of more than two million replacement parts for domestic and foreign nameplate vehicles, as well as equipment, tools, accessories, and almost 30,000 automotive paint and related products. Uni-Select also offers customized banner programs to meet the needs of 1,200 independent wholesalers and 5,500 professional service centres, supporting their growth and boosting their visibility.

Our approach

CUSTOMERS

Uni-Select is dedicated to providing competitive solutions to its customers in order to optimize their success. We thrive to present them the tools and equipment they require to enhance their own customer relationships.

PRODUCTS

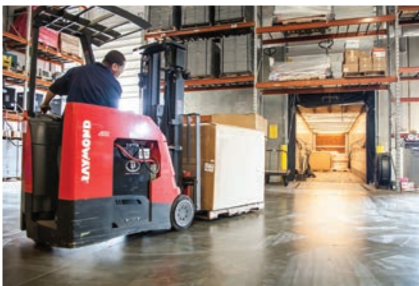
We are proud to offer a unique and diverse array of products that adapt wonderfully to our customers' needs. Our powerful and efficient network allows us to easily meet customized requests.

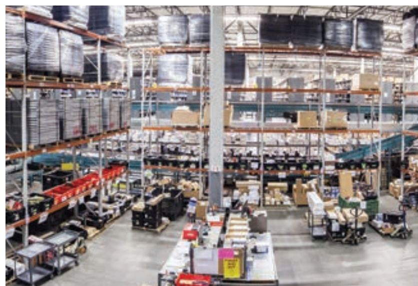
LOGISTICS

Our competent logistics processes are a vital contribution to the quality of our customer experience. We are constantly improving our procedures to adapt to an ever-evolving industry.

TEAMMATES AND COMMUNITY

Our team's creativity and ingenuity are indispensable assets in its commitment to providing our customers an outstanding experience. Involved in their community, our teammates prioritize the prosperity of their respective neighborhoods.





Creating the **optimal conditions** for success

2014 WAS AN EVENTFUL YEAR FOR UNI-SELECT,
marked by significant progress in our commitment to become an overall more agile and profitable operation. We also made important strides towards our objective to become the partner of choice for independent wholesalers, professional service centres and collision repair shops.

But beyond these successes, it is the recent announcement–subsequent to year-end and subject to customary closing conditions–of an agreement to sell substantially all of the assets of Uni-Select USA and Beck/Arnley Worldparts that drew most of the attention.

With promising growth perspectives in the automotive products distribution in Canada as well as in the US paint distribution where we are in leadership positions, this transformational transaction, upon closing, will instantly create great conditions of success for Uni-Select: it will unlock value for our shareholders, strengthen our balance sheet and drive higher profitability.

Overall, we believe that Uni-Select is today better positioned than ever before to grow organically and to seize opportunities created by its newly enhanced financial flexibility. These new parameters will allow us to make strategic and complementary acquisitions, an area where our proven acquisition integration track record remains a key competitive advantage.

DRIVING RESULTS, DELIVERING RETURNS

In 2014, sales were slightly below last year, reaching $1,784 million including an organic growth of 1.9% whose impact was lessened by a declining Canadian dollar and by store closures. EBITDA grew 84.4% in 2014 to $105.5 million, from $57.2 million last year. Adjusted EBITDA grew by 10.1%, reaching $111.4 million, compared to $101.2 million in 2013.

The Corporation's EBITDA margin reached 5.9% in 2014, up from 3.2% the prior year, while the adjusted EBITDA margin grew to 6.2%, up from 5.7% in 2013.

Net earnings reached $50.1 million, significantly higher from the $21.3 million recorded last year. Adjusted earnings totalled $55.3 million this year, compared to $50.7 million in 2013, an increase of 9.1%. Earning per share (EPS) grew from $1.00 last year to $2.36 in 2014. Adjusted EPS reached $2.60, up by almost 10% from $2.37 in 2013.

The adjusted earnings growth resulted in both a higher return on assets and an increased adjusted return on average shareholders' equity, which went from 9.8% to 10.9% in three years. Finally, cash flow from operations also increased by a strong 46% in 2014 to $123.5 million, up from $84.3 million in 2013.

We also announced in 2014 a 15.4% increase of the Corporation's quarterly dividend payment to C$0.15 per share. This decision pursues a 27-year tradition of uninterrupted dividend payments to our valued shareholders.

OPERATIONAL EFFICIENCY: A JOURNEY

Operational efficiency has traditionally been one of Uni-Select's most prominent strengths. Indeed, providing our customers with efficient service, high fill rates, optimal pricing and a variety of à-la-carte solutions, are among the main attributes of the Uni-Select culture.

But more than strength or attribute, operational efficiency is the very foundation of the Uni-Select team's ability to generate an exceptional customer experience. It is our response to today's fast-paced environment, to the proliferation of parts, paint products and accessories, and to the industry's increased competition at all levels.

This being said, we have now come to a point where operational efficiency is widely expected in our industry. This is why we have been working so hard as a team for a number of years to expand the uniqueness of our market offering. We take great pride in offering the best solutions for independent wholesalers, installers and collision centres and will spare no effort to earn their trust, loyalty, and, more importantly, their satisfaction.

Over the course of Fiscal 2014, we have considerably lightened our cost structure and significantly improved our EBITDA margin. Uni-Select is now emerging as a more flexible and much more customer-oriented business. The recently implemented ERP software is proving to be a fundamental mechanism to deliver consistent customer service. In an industry where business intelligence is key to seizing market opportunities and ensuring competitiveness, we will continue to devote resources to fully optimize the potential of our new software.

This past year, we also started taking advantage of the numerous benefits that the implemented technological solution provides to our customers. Increased connectivity and interaction have not only allowed us to access real-time operational and inventory information, it also has considerably reduced our team's response time in identifying issues or opportunities, reacting and making important decisions to support our customers.

PROUD TO BE ALLIES OF OUR CUSTOMERS' SUCCESSES

Since the very foundation of Uni-Select in 1968, putting customers first has been our number one value. Today, this same fundamental principle guides the actions of each of our teammates and constitutes the cornerstone of the way we do business. We are proud and honoured to be recognized as the partner of choice for independent wholesalers, professional service centres and collision repair shops. We have earned this reputation as a result of the outstanding customer experiences we offer, and our genuine commitment towards the success of our customers.

In order to sustain our relationships and maintain our role as a leader, we have an opportunity to further raise the awareness of our current and prospective customers over the major benefits of doing business with the Uni-Select team.

With the introduction of new sales programs and incentives, we expect to be able to continue to attract new independent wholesalers to our banner programs. As such, training services, financial flexibility and managerial support will all become key elements of our emerging sales culture.

Our vast product offering is key to the Corporation's success as it serves the needs of our clients, notwithstanding their budget or the nature of the project. That commitment to offering both flexibility and a wide assortment of products to our clients has been leading our catalogue diversification strategy over the past year. In fact, our customers today have access to a complete array of national branded and private label products from entry-level to premium ranges.

EMPOWERED BY CUSTOMER EXPERIENCE

The Uni-Select team is fully dedicated to making its customer-focused commitment a key priority in the years to come.

Such culture is a matter of attitude and approach, one where the customer's interests matter most. It calls upon the evolution of our organizational culture and builds on the strengths behind our past achievements.

Being empowered by customer experience lies in our ability to foster a culture where the competitiveness of our clients and their financial and operational successes become our priority. A customer-centric culture is also one where teammates enjoy their work and are passionate about the services they offer. Such is the spirit of the culture we are building.

Our vision of putting customers first begins with the best team in the business. When combined with strong long-term relationships with our supply partners and our robust systems and processes, the results are translated into high fill rates and more adaptable product offering.

Moreover, this concern for customers ties in with our commitment to support the community. We proudly do so with our business partners and customers, reinforcing our desire to give back to those in need. Additionally, we take great pride in supporting entrepreneurs and make a difference in the economic vitality of their region by helping them succeed in the pursuit of their goals and dreams.

Accompanying entrepreneurs is both a privilege and a responsibility. For members of the Uni-Select team, this support begins by having the right product in the right place at the right time, which implies optimizing every link of the supply chain to achieve this goal.

A SOLID COMMITMENT TOWARDS FUTURE GROWTH

If 2014 was a year when we focused mainly on lowering our costs, 2015 will be about driving top line growth, taking advantage of the more favourable economic conditions and positive industry growth perspectives.

As our industry continues to consolidate, and as competition in specific market areas further intensifies, our new sales approach will enable us to seize more opportunities and to be an even more aggressive competitor in the market. In this context, our solid balance sheet and favourable financing terms provide us with the flexibility to make strategic acquisitions as opportunities arise.

There are a substantial number of opportunities in the market and we intend to continue to apply the same philosophy towards acquisitions that has served us well in the past.

The Canadian automotive aftermarket sector is forecasted to grow by over 3% per year to surpass the 21 billion dollar mark in annual sales by 2017. Auto part sales alone will also benefit from the forecasted steadily growth in the coming years, past the 11 billion dollar milestone reached in 2014. The sector's growth will be mainly fuelled by increased vehicle longevity, an expanding vehicle fleet and the record number of vehicles sold in Canada between 2010 and 2014.

In Canada, the some 1,900 shops converted to our banner program in a single year are illustration of the soundness of our strategy. We will actively continue our customer recruitment strategy, further develop our collision repair shop activities, support our Canadian jobbers in their growth and develop a stronger corporate stores network.

As far as auto paint growth prospects are concerned, most signals are pointing towards an encouraging growth momentum. With consumers' disposable income rising as a result of lower gas prices, we expect consumers to be more likely to perform non-urgent repairs in the months ahead, an environment which we also foresee as favourable for auto paint sales in North America.

FinishMaster holds a solid leadership position in the US. We intend to leverage our strong expertise to increase our share of the rapidly growing multi-shop owners segment. We also intend to take advantage of the fragmented market to grow our business. With some 497 new customers added in 2014, we fully intend to pursue that same trend of aggressive customer acquisition.

In 2015, we plan to invest $15 million to keep enhancing our business to support growth, as well as benefit from and leverage more efficient operational and administrative structure in order to better serve our customers.

THANK YOU FOR BEING PART OF OUR SUCCESS

In closing, we would be remiss not to thank each of our business partners, customers and suppliers. We are privileged to have earned your trust and are proud to combine our passion and expertise into mutually beneficial long-term relationships.

To each of our employees across all our business units, thank you for your continued dedication and hard work. To the teammates with whom we will be parting ways as the transaction closes, we wish to express our heartfelt recognition for your commitment and support.

Last September, Henry Buckley joined the Uni-Select team as our new Chief Operating Officer. His solid sales leadership and logistics optimization experience are already benefiting our team and customers in many aspects. His arrival as a member of our team is the illustration of Uni-Select's commitment to fostering a strong sales-driven corporate culture, and most of all, furthering our passion for creating unparalleled customer experiences.

To our shareholders, we are grateful for your support and rest assured that we will pursue our objectives in order to provide you with optimal returns.

Finally, to the members of the Uni-Select Board of Directors, we wish to express our gratitude for the quality of your advice and the scope of your experience, particularly in recent weeks as we made key decisions for the future of Uni-Select. We are fortunate to have you on board!

Robert Chevrier, FCPA, FCA
Chair of the Board

Richard G. Roy, FCPA, FCA
President and CEO

UNI-SELECT®

Management's Discussion and Analysis 2014

Highlights	6
Preliminary comments to Management's Discussion and Analysis	6
Profile and description	7
Economic context	8
Operational review of the last 3 years	9
Action Plan and restructuring	11
Analysis of consolidated results	12
Cash flows	17
Financing	19
Capital structure	21
Financial position	23
Related parties	24
Subsequent event	24
Risk management	24
Change in accounting policies	28
Use of accounting estimates and judgments	29
Non-IFRS financial measures	31
Exchange rate data	32
Effectiveness of disclosure controls and procedures and internal controls of financial reporting	33
Outlook	33

HIGHLIGHTS

(In US dollars)

Sales	EBITDA	Net Earnings
$1,784.4 million	$105.5 million	$50.1 million

- Overall consolidated sales decreased by 0.2% compared to last year, mainly penalized by the declining Canadian dollars. US operations reported organic growth of 1.2% while sales lost from store closures, in line with the Action Plan, were compensated by sales from acquisitions. Canadian operations reported organic growth of 4.0% for a consolidated organic growth of 1.9%
- EBITDA increased to $105.5 million in 2014 from $57.2 million last year. Adjusted EBITDA increased by 10.1% to $111.4 million (or 6.2% of sales) from $101.2 million (or 5.7% of sales) last year. Adjusted EBITDA improvements are mainly related to savings generated by the Action Plan.
- Net earnings increased to $50.1 million in 2014 from $21.3 million last year. Adjusted earnings increased by 9.1% from $50.7 million (or $2.37 per share) last year to $55.3 million (or $2.60 per share) in 2014, benefiting from the Action Plan savings.
- Free cash flows were $83.6 million compared to $72.4 million for the same period last year, an increase of 15.5% mainly stemming from improved results.
- Business acquisitions represented a disbursement of $29.1 million, while a joint-venture investment was sold for $10.4 million, for a net disbursement of $18.7 million.
- Total net debt decreased by $17.5 million from $277.7 million to $260.2 million, including a reclassification of $44.5 million for the convertible debentures following the announcement of their redemption in December. Excluding the convertible debentures and net business acquisitions, the total net debt would have decreased by $80.7 million to $179.5 million.
- Subsequent to the end of the fourth quarter, announcement of an agreement to sell substantially all of the assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. for a cash consideration of $340.0 million.

PRELIMINARY COMMENTS TO MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIS OF PRESENTATION OF MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") discusses the Corporation's operating results and cash flows for the periods ended December 31, 2014 compared with those of the periods ended December 31, 2013, as well as its financial position as at December 31, 2014 compared with its financial position as at December 31, 2013. This report should be read in conjunction with the audited consolidated financial statements and accompanying notes included in the 2014 Annual Report. The information contained in this MD&A takes into account all major events that occurred up to February 12, 2015, the date at which the consolidated financial statements and MD&A were approved and authorized for issuance by the Corporation's Board of Directors. It presents the existing Corporation's status and business as per Management's best knowledge as at that date.

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

In this MD&A, "Uni-Select" or the "Corporation" refers, as the case may be, to Uni-Select Inc., its subsidiaries, divisions and joint ventures.

Unless otherwise indicated, the financial data presented in this MD&A, including tabular information, is expressed in thousands of US dollars, except per share amounts, percentages and number of shares. Comparisons are presented in relation to the comparable periods of the prior year.

The financial statements contained in the present MD&A were prepared in accordance with International Financial Reporting Standards ("IFRS"). These financial reports have been audited by the Corporation's external auditors.

FORWARD-LOOKING STATEMENTS

The MD&A is intended to assist investors in understanding the nature and importance of the results and trends, as well as the risks and uncertainties associated with Uni-Select's operations and financial position. Certain sections of this MD&A contain forward-looking statements within the meaning of security's legislation concerning the Corporation's objectives, projections, estimates, expectations or forecasts.

Forward-looking statements involve known and unknown risks and uncertainties, which may cause actual results in future periods to differ materially from forecasted results. Risks that could cause the results to differ materially from expectations are discussed in the "Risk Management" section. Those risks include, among others, competitive environment, consumer purchasing habits, vehicle fleet trends, general economic conditions and the Corporation's financing capabilities.

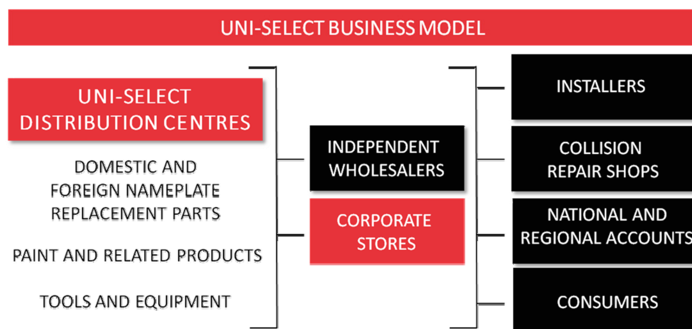
There is no assurance as to the realization of the results, performance or achievements expressed or implied by forward-looking statements. Unless required to do so pursuant to applicable security's legislation, Management assumes no obligation as to the updating or revision of forward-looking statements as a result of new information, future events or other changes.

COMPLIANCE WITH IFRS

The information included in this report contains certain financial measures that are inconsistent with IFRS. Non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and are, therefore, unlikely to be comparable to similar measures presented by other entities. The Corporation considers that users of its MD&A may analyze its results based on these measurements. *(Refer to section "Non-IFRS financial measures" for more information.)*

PROFILE AND DESCRIPTION

UNI-SELECT, A NORTH AMERICAN DISTRIBUTOR OF CHOICE



Founded in 1968, Uni-Select is a major distributor of replacement parts and paint products for the North American automotive aftermarket. With 5,300 employees, 52 distribution centres, and 418 corporate stores, the Corporation serves a vast network of 3,100 independent wholesalers and tens of thousands of professional service centres, national and regional accounts as well as consumers in Canada and the United States.

Uni-Select's network of strategically located warehouses plays a key role in the supply chain, connecting manufacturers, wholesalers, and installers. The Corporation provides fast and efficient distribution of more than two million replacement parts for domestic and foreign nameplate vehicles, as well as equipment, tools, accessories, and almost 30,000 automotive paint and related products.

Uni-Select is a leading automotive parts distributor in Canada and the fifth-largest in North America, and it is North America's largest independent paint distributor. Uni-Select generates 73% of its sales in the United States and 27% in Canada.

A TAILORED CUSTOMER EXPERIENCE

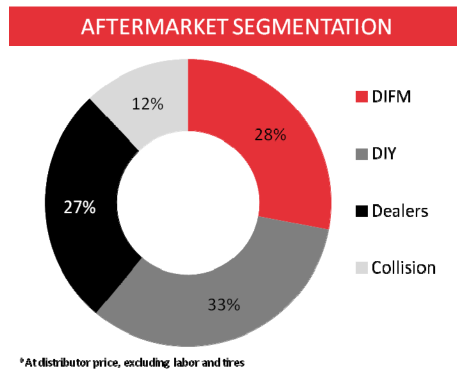
Uni-Select provides rapid and efficient parts distribution throughout the whole of Canada and 47 US states. It offers à-la-carte parts and distribution solutions that support the growth of its entrepreneur customers and boost their visibility. Uni-Select offers a wide range of high-quality, leading national brand products and a variety of competitively priced private label parts. Its extensive market knowledge, procurement expertise and proven approach to operational management, combined with its commitment to a superior fill rate and first-rate service, make Uni-Select a partner of choice.

ECONOMIC CONTEXT

In 2014, economic conditions continued to rebound with a slight improvement in the gross domestic product. Employment figures increased moderately, with a corresponding rise in average disposable income levels. Gas prices also declined during the fourth quarter, which should have a positive impact on distance travelled.

THE AUTOMOTIVE AFTERMARKET

The North American automotive aftermarket continues to expand, with an estimated 3.1% growth in 2014 and a projected annualized growth rate of 3.4% through to 2017. The industry employs more than 4.2 million people, a number that has also steadily risen since 2011. This increase is fueled by the rise in the average age of vehicles and the growth of the vehicle population in the 11-year-and-older category.



In 2014, the North American automotive aftermarket generated approximately $266 billion, with replacement parts and related products distribution representing $105 billion of that total.

Replacement parts and accessories accounted for 88% of distribution sales over three categories: professional installers (Do It For Me or DIFM), dealerships, and consumers (Do It Yourself or DIY). The collision repair market accounted for 12% of sales.

The number of independent wholesalers serving repair shops continued its slow year-over-year decline; however this was offset by sales growth among those that remain. While the consolidation of professional service centres is also advancing, traffic at individual service bays is growing substantially.

NUMBER OF VEHICLES ON THE ROAD

There are approximately 276 million light vehicles in operation in Canada and the United States. Consumers are holding on to their cars for longer periods, which bode well for the industry's future.

The average vehicle age now stands at 11.4 years and is expected to rise to 11.7 years by 2019. Cars in the 11 year-and-older category now comprise 45.9% of total light vehicles and this number is growing significantly faster than younger age categories. The lower scrappage rate also plays a factor in the projected growth of the industry. However, the number of vehicles that are not covered by a manufacturer's warranty could decline slightly in the coming years, due to the slump in new car sales between 2008 and 2012. Uni-Select's replacement parts are designed for vehicles of any age, particularly those of 5 to 10 years which are not covered by a manufacturer's warranty, while its paint and related product offering mainly targets vehicles less than three years old.

The number of foreign nameplate vehicles continues to grow, accounting for 42% of the US fleet. In 2013, 68% of new car sales and 43% of new light truck sales were foreign nameplate vehicles.

The number of independent and dealership collision repair facilities in the US continues to decline. However, multiple-location networks are growing in popularity, and Uni-Select is building a reputation as a leader with large-scale companies thanks to the scope of its network, the quality of its products, and its range of customized services. Insurers continue to favor multi-shop networks, which also bodes well for business.

A MARKET WITH GROWTH OPPORTUNITIES

The North American automotive aftermarket has reached maturity and should remain steady in the years ahead. Although the market has consolidated significantly in Canada, there still exist a limited number of acquisition opportunities for the independent distribution network north of the 49th parallel. This is in contrast to the United States, where opportunities are more abundant.

Uni-Select is positioning itself as a major player in the automotive aftermarket through its commitment to superior service to commercial independent wholesalers and professional service centres.

OPERATIONAL REVIEW OF THE LAST 3 YEARS

Empowered by customers' experience, the Corporation has focused, over the last three years, on optimizing its distribution network, and gearing itself for the future, ensuring its continued growth and increased effectiveness and profitability.

The major initiatives and achievements of the Corporation included the following:

- Optimization and rightsizing of the distribution network with the Action Plan;
- Introduction of effective systems, with the development and deployment of the enterprise resource planning software ("ERP") and other technologies; and
- Emphasis on customer experience with new banner strategies, tailored solution to installers and a wider offer of products.

All those activities, including the savings from the Action Plan and the leverage of the ERP system, combined with a sound working capital management permitted debt reimbursement. The Corporation is in a good position to continue its growth through acquisitions.

SELECTED CONSOLIDATED INFORMATION

	2014	2013	2012
OPERATING RESULTS			
Sales	**1,784,359**	1,788,085	1,797,591
EBITDA [1]	**105,456**	57,199	68,642
Adjusted EBITDA [1] [2]	**111,442**	101,185	94,805
Adjusted EBITDA margin	***6.2%***	*5.7%*	*5.3%*
Restructuring and other charges	**(1,931)**	35,180	18,458
Net earnings	**50,125**	21,328	29,438
Adjusted earnings [2]	**55,271**	50,660	45,876
Free cash flows	**83,610**	72,405	57,344
COMMON SHARE DATA			
Net earnings	**2.36**	1.00	1.36
Adjusted earnings	**2.60**	2.37	2.12
Dividend (C$)	**0.58**	0.52	0.52
Book value per share	**24.18**	22.99	22.47
Number of shares outstanding	**21,215,759**	21,263,669	21,551,170
Weighted average number of outstanding shares	**21,253,921**	21,411,277	21,623,300
FINANCIAL POSITION			
Working capital	**343,934**	417,465	436,002
Total assets	**1,190,305**	1,205,891	1,202,661
Total net debt [3]	**260,240**	277,658	309,267
Total equity	**512,996**	488,755	484,205
Adjusted return on average total equity	***10.9%***	*9.8%*	*8.7%*

[1] EBITDA represents net earnings excluding finance costs, depreciation and amortization, equity income and income taxes (*Refer to the "Non-IFRS financial measures" section for further details.)*

[2] EBITDA and net earnings have been adjusted for costs that the Corporation views as uncharacteristic of normal operations. These costs are therefore excluded to provide comparable measures. *(Refer to the ''Non-IFRS financial measures'' section for further details.)*

[3] Total net debt in 2014 includes the reclassification of the convertible debentures for an amount of $44,525.

Detailed analysis of the changes in operating results and the consolidated statements of financial position between 2014 and 2013 are provided in the following sections. Detailed analysis of the changes in the operating results and the consolidated statements of financial position between 2013 and 2012 are included in the MD&A in the 2013 Annual Report, available on the SEDAR website at sedar.com.

FINANCIAL YEAR 2014

Restructuring and Debt Reduction

The Corporation continued its execution of the Action Plan to optimize its operation by reducing its inventory level and achieving its cost reduction objectives.

The Corporation improved its profitability by taking advantage of the Action Plan, the ongoing cost reduction initiatives and the optimization of its supply chain. The Corporation also leveraged its technological solutions and added tools to monitor daily activities and access real-time operational and inventory information, reducing response time. In doing so, the Corporation succeeded to improve adjusted EBITDA compared to last year.

The positive organic growth was marked by the recruitment of new customers, the intensified enrolment to banner programs and the leverage of business opportunities in paint distribution. Overall, the Corporation aims to improve customer experience and satisfaction by a selected product offering and customized solutions.

The improved profitability combined with the optimization of cash controls permitted the Corporation to reduce its debt by $80,698, excluding the reclassification of the convertible debentures for $44,525 and net business acquisitions of $18,735. On December 11, 2014, the Corporation announced the redemption of its convertible debentures on February 1st, 2015.

FINANCIAL YEAR 2013

Strategic Alternatives, Restructuring, Technology and Debt Reduction

To unlock additional value for shareholders, the Corporation launched a formal review of strategic alternatives centred on its US automotive operations. As a result, the Board of Directors decided to expand the scope of the optimization plan announced in 2012.

The Corporation recognized restructuring charges of $31,680 in the second quarter of 2013 related to site closure and consolidation costs, which included initiatives to liquidate redundant inventory of $10,423, site decommissioning costs of $4,966, employee termination benefits of $4,254, the recognition of future lease obligations of $8,422 and write-downs of certain assets to their net realizable value for $3,615. The Corporation also recorded a write-off of $3,500 in the value of certain software, which will no longer be used in its operations. The total restructuring and other charges amounted to $35,180.

The year 2013 was marked by the completion of the ERP system deployment with the implementation of two final and successful waves. The ERP system allows improvement in customer service, accuracy of data information, harmonization and improvement of operational processes and, therefore, the overall business.

The free cash flows generated by the EBITDA, combined with a sound working capital management permitted a reduction of the debt of $31,609, after having redeemed shares of $6,408.

FINANCIAL YEAR 2012

Restructuring, Integration and Technology

The 2012 year has been marked by challenging economic conditions, mainly in the Northeastern region. The Corporation established a distribution network consolidation plan to counteract market conditions and to materialize synergies related to past acquisitions.

The plan provided for a reduction of the Corporation's fixed costs by consolidating and optimizing the distribution network while reducing its working capital requirements. As a result, restructuring charges, write-off of assets and other expenses of $18,458 before taxes have been recorded.

Sound working capital management permitted a debt reimbursement of $47,705.

Finally, the Corporation carried on the implementation of its ERP system in 30 warehouses and more than 190 stores.

ACTION PLAN AND RESTRUCTURING

The Action Plan is mostly completed and is expected to be finalized during the first half of 2015. Various optimization initiatives on stores, distribution centres and headcount are ongoing. The optimization of the distribution network includes the opening of a new distribution centre in Washington D.C. while another one opened in January 2015 in Massachusetts. During the last quarter of 2014, the national distribution centre in Canada was moved to an optimized facility in the Toronto area. Furthermore, unprofitable stores and distribution centres were either closed, sold or consolidated. The following table summarizes the expected and realized impacts of the various initiatives included in the Action Plan as at December 31, 2014:

	Expected				Realized		
	2013	**2014**	**2015**	**Total**	2013	**2014**	**Since inception**
Sales erosion	20,000	45,000	5,000	**70,000**	13,100	**36,200**	**49,300**
Cost savings	10,000	15,000	5,000	**30,000**	13,000	**15,700**	**28,700**
Restructuring and other charges							
Recorded	36,000	-	-	**36,000**	35,180	**(1,931)**	**33,249**
As incurred	4,000	5,000	-	**9,000**	4,143	**7,503**	**11,646**
Inventory reduction	8,000	22,000	10,000	**40,000**	4,200	**18,500**	**22,700**
Capital expenditures	7,000	9,000	-	**16,000**	2,357	**2,995**	**5,352**

As at December 31, 2014, $6,724 of these charges are presented as current liabilities within “Provision for restructuring charges” in the Corporation’s consolidated statements of financial position. *(Refer to Note 4 in the consolidated financial statements for further details.)*

In December 2014, the Corporation reviewed its remaining provisions and reflected the following changes of estimates: a partial reversal of write-down of certain assets of $2,528, an increase in the reserve for redundant inventory of $342 and a net increase of the provision for restructuring charges of $255. The net impact of these changes in estimates was recorded as a reduction of restructuring and other charges of $1,931 on the consolidated statements of earnings.

EXPECTED VERSUS REALIZED

The expected figures represent forward-looking information. Delays in execution, unfavorable changes in economic and/or market conditions could reduce the benefits or increase the cash outlay stemming from the Plan. To mitigate that risk, the Corporation dedicated resources and implemented processes to closely monitor its realization.

Summary of the updated impacts:

Sales Erosion: Sales erosion was lower than expected due to customers being retained and serviced from existing locations.

Inventory reduction: Many steps were taken to reduce inventory through returns directly to the manufacturer. However, the strategy of internally consuming our product has been slower than anticipated due to timing of network optimization projects.

Capital expenditures: Total costs are below expectations due to internal use and recycling of existing materials, scope of work completion and distribution centres’ reconfiguration that has been delayed.

ANALYSIS OF CONSOLIDATED RESULTS

SALES

	Fourth quarter		Twelve-month period	
	2014	2013	**2014**	2013
United States	**311,467**	304,907	**1,304,692**	1,294,115
Canada	**115,717**	120,673	**479,667**	493,970
	427,184	425,580	**1,784,359**	1,788,085
Organic growth		*%*		*%*
Sales variance	**1,603**	***0.4***	**(3,727)**	***(0.2)***
Closed or sold locations	**3,555**	*0.8*	**36,980**	*2.1*
Effect of declining Canadian dollar	**9,508**	*2.2*	**33,918**	*1.9*
Acquisitions and others	**(9,158)**	*(2.2)*	**(32,340)**	*(1.8)*
Consolidated organic growth	**5,508**	***1.3***	**34,831**	***1.9***
US operations	**1,215**	*0.4*	**14,933**	*1.2*
Canadian operations	**4,293**	*3.6*	**19,898**	*4.0*

FOURTH QUARTER:

Sales have slightly improved compared to the corresponding period last year, with an increase of 0.4%. Sales from acquisitions were offset by the impact of the declining Canadian dollar, while organic growth has been partly offset by sales lost from store closures, in line with the Action Plan.

The overall organic growth of 1.3% is the result of the successful sales initiatives and the recruitment of new customers. It is also attributed to an improved service level permitted by the completion of the ERP implementation.

TWELVE-MONTH PERIOD:

Sales in 2014 are slightly lower than last year with a decrease of 0.2%. Organic growth and sales from acquisitions were insufficient to compensate the sales lost from store closures, in line with the Action Plan and the impact of the declining Canadian dollar.

The overall organic growth of 1.9% is the result of the same factors as those mentioned in the quarter.

GROSS MARGIN

	Fourth quarter		Twelve-month period	
	2014	2013	**2014**	2013
Gross margin	**131,553**	127,481	**533,375**	538,194
In % of sales	***30.8%***	*30.0%*	***29.9%***	*30.1%*

FOURTH QUARTER:

Gross margin, in percentage of sales, increased by 0.8% compared to the same period last year. Improved management on inventory, following the ERP implementation, and business acquisitions mainly explains the increase. Those factors have been partly offset by unfavorable distribution channel and customer mix, competitive market and lower special vendor incentives.

TWELVE-MONTH PERIOD:

Gross margin, in percentage of sales, decreased by 0.2% compared to the same period last year, mainly due to an unfavorable distribution channel and customer mix, competitive market and lower special vendor incentives. Those negative factors have been partly compensated by improved management on inventory following the ERP implementation and business acquisitions.

EMPLOYEE BENEFITS

	Fourth quarter		Twelve-month period	
	2014	2013	**2014**	2013
Employee benefits	**70,690**	71,314	**283,085**	293,809
In % of sales	***16.5%***	*16.8%*	***15.9%***	*16.4%*

FOURTH QUARTER:	TWELVE-MONTH PERIOD:
Employee benefits, in percentage of sales, decreased by 0.3% compared to the same period last year and are the result of headcount reduction and closure of unprofitable locations in relation to the Action Plan, while maintaining the same level of service and improving productivity.	Employee benefits, in percentage of sales, decreased by 0.5% compared to the same period last year and reflect the same factors as those mentioned for the quarter.

OTHER OPERATING EXPENSES

	Fourth quarter		Twelve-month period	
	2014	2013	**2014**	2013
Other operating expenses	**35,527**	36,349	**146,765**	152,006
In % of sales	***8.3%***	*8.5%*	***8.2%***	*8.5%*

FOURTH QUARTER:	TWELVE-MONTH PERIOD:
Other operating expenses, in percentage of sales, decreased by 0.2% compared to the same period last year. This improvement is mainly derived from the Action Plan: closure of unprofitable locations, delivery reengineering and tighter control on expenses that has been partly offset by additional expenses related to recent acquisitions and marketing expenses to promote the sales.	Other operating expenses, in percentage of sales, decreased by 0.3% compared to the same period last year and reflect the same factors as those mentioned for the quarter.

RESTRUCTURING AND OTHER CHARGES

	Fourth quarter		Twelve-month period	
	2014	2013	**2014**	2013
Restructuring and other charges	**(1,931)**	-	**(1,931)**	35,180

In December 2014, the Corporation reviewed its estimates for the provision for restructuring charges in relation to the 2013 Action Plan, resulting in a reduction of restructuring and other charges of $1,931, as described in the section “Action Plan and restructuring” above.

(Refer to Note 4 in the consolidated financial statements for further details.)

EBITDA

	Fourth quarter			Twelve-month period		
	2014	2013		**2014**	2013	
Net earnings	**11,363**	10,199		**50,125**	21,328	
Income tax expense (recovery)	**4,131**	(895)		**12,660**	(6,428)	
Equity income	**(617)**	(580)		**(2,346)**	(2,652)	
Depreciation and amortization	**8,355**	7,490		**31,685**	29,297	
Finance costs, net	**4,035**	3,604		**13,332**	15,654	
EBITDA	**27,267**	19,818		**105,456**	57,199	
Restructuring and other charges	**(1,931)**	-		**(1,931)**	35,180	
Expenses related to the development and deployment of the enterprise resource planning system (ERP) [(1)]	**-**	2,226		**414**	4,663	
Expenses related to the network optimization and to the closure and disposal of stores [(2)]	**2,530**	2,431		**7,503**	4,143	
Adjusted EBITDA	**27,866**	24,475	*13.9%*	**111,442**	101,185	*10.1%*
Adjusted EBITDA margin	***6.5%***	*5.8%*		***6.2%***	*5.7%*	

(1) Include costs mainly related to data conversion, employee training and deployment to various sites. Last deployment was made in December 2013.
(2) Consist primarily of handling and freight expenses required to relocate inventory.

FOURTH QUARTER:

The adjusted EBITDA margin represents 6.5% of sales compared to 5.8% for the same quarter last year.

The increase is mainly attributable to savings derived from the Action Plan and tighter controls on expenses combined with accretive recent acquisitions. Improved management on inventory following the ERP implementation also contributed to the increase.

These positive items are partially offset by unfavorable distribution channel and customer mix, lower special vendor rebates and additional marketing expenses to promote sales.

TWELVE-MONTH PERIOD:

The adjusted EBITDA margin was 6.2% of sales compared to 5.7% for the same period last year.

The increase is mainly attributable to the same factors as those mentioned in the quarter.

FINANCE COSTS, NET

	Fourth quarter		Twelve-month period	
	2014	2013	**2014**	2013
Finance costs, net	**4,035**	3,604	**13,332**	15,654

FOURTH QUARTER:

The increase in finance costs for the quarter compared to the same quarter of 2013 is mostly related to the accelerated depreciation of finance costs and accreted interest on convertible debentures, representing a total of $784, following the announcement of their redemption in December 2014.

This impact has been partly compensated by:

- Interest rates' reduction resulting from the termination of swap tranches bearing interest at higher rates; and
- Debt reduction.

TWELVE-MONTH PERIOD:

The decrease in finance costs compared to the same period of 2013 is mainly explained by:

- Interest rates' reduction resulting from the termination of swap tranches bearing interest at higher rates; and
- Debt reduction.

These items were partly offset by the accelerated depreciation of finance costs and accredited interest on convertible debentures, representing a total adjustment of $784, following the announcement of their redemption in December 2014.

(Refer to Note 5 in the consolidated financial statements for further details.)

DEPRECIATION AND AMORTIZATION

	Fourth quarter		Twelve-month period	
	2014	2013	**2014**	2013
Depreciation and amortization	**8,355**	7,490	**31,685**	29,297

FOURTH QUARTER:

The increase in depreciation and amortization for the quarter is mainly related to the depreciation of the vehicle fleet renewal.

TWELVE-MONTH PERIOD:

The increase in depreciation and amortization compared to the same period of 2013 is mainly related to the amortization of the ERP system combined with the depreciation of the vehicle fleet renewal.

(Refer to Note 6 in the consolidated financial statements for further details.)

EQUITY INCOME

	Fourth quarter		Twelve-month period	
	2014	2013	**2014**	2013
Equity income	**617**	580	**2,346**	2,652

FOURTH QUARTER:

The increase in equity income for the quarter is related to the current partnerships' performance, partly offset by the disposal of partnerships and the impact of the declining Canadian dollar.

TWELVE-MONTH PERIOD:

The decrease, compared to the same period of 2013, is related to the disposal of partnerships and the impact of the declining Canadian dollar, partly compensated by improved performance of the current partnerships.

INCOME TAX EXPENSES (RECOVERY)

	Fourth quarter		Twelve-month period	
	2014	2013	**2014**	2013
Income tax expenses (recovery)	**4,131**	(895)	**12,660**	(6,428)

FOURTH QUARTER:

The income tax variance for the quarter is mainly related to higher taxable income and the different geographical distributions compared to the same quarter last year.

TWELVE-MONTH PERIOD:

The income tax variance compared to the same period of 2013 reflects the same factors as those mentioned in the quarter.

(Refer to Note 7 in the consolidated financial statements for further details.)

EARNINGS AND EARNINGS PER SHARE

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

	Fourth quarter			Twelve-month period		
	2014	2013		**2014**	2013	
Net earnings attributable to shareholders, as reported	**11,363**	10,199		**50,125**	21,328	
Restructuring and other charges, net of taxes	**(1,154)**	-		**(1,154)**	23,926	
Expenses related to the development and deployment of the enterprise resource planning system (ERP), net of taxes	**-**	1,466		**247**	2,984	
Expenses related to the network optimization and to the closure and disposal of stores, net of taxes	**2,539**	1,452		**5,478**	2,422	
Expenses related to the redemption of convertible debentures, net of taxes	**575**	-		**575**	-	
Adjusted net earnings	**13,323**	13,117	*1.6%*	**55,271**	50,660	*9.1%*
Net earnings per share attributable to shareholders, as reported	**0.54**	0.48		**2.36**	1.00	
Restructuring and other charges, net of taxes	**(0.05)**	-		**(0.05)**	1.12	
Expenses related to the development and deployment of the enterprise resource planning system (ERP), net of taxes	**-**	0.07		**0.01**	0.14	
Expenses related to the network optimization and to the closure and disposal of stores, net of taxes	**0.11**	0.07		**0.25**	0.11	
Expenses related to the redemption of convertible debentures, net of taxes	**0.03**	-		**0.03**	-	
Adjusted earnings per share	**0.63**	0.62	*1.6%*	**2.60**	2.37	*9.7%*

The effect of the declining Canadian dollar was $0.01 on earnings per share for the quarter compared to the same quarter of 2013, while the effect for the twelve-month period was $0.06 compared to the same period last year.

CONSOLIDATED QUARTERLY OPERATING RESULTS

The Corporation records earnings in each quarter. Historically, the Corporation's sales are typically stronger during the second and third quarters compared to the first and fourth quarters. It should be noted that net earnings were negatively impacted by restructuring and other charges during the second quarter of 2013 in the amount of $35,180 ($23,926 net of income taxes).

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

	2014				**2013**			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Sales								
United States	**311,467**	339,501	343,127	310,597	304,907	334,090	339,530	315,588
Canada	**115,717**	125,907	135,563	102,480	120,673	130,419	136,646	106,232
	427,184	465,408	478,690	413,077	425,580	464,509	476,176	421,820
EBITDA	**27,267**	29,906	29,681	18,602	19,818	28,847	(7,394)	15,928
Adjusted EBITDA	**27,866**	31,434	31,306	20,836	24,475	30,079	29,320	17,311
Adjusted EBITDA margin	***6.5%***	*6.8%*	*6.5%*	*5.0%*	*5.8%*	*6.5%*	*6.2%*	*4.1%*
Restructuring and other charges	**(1,931)**	-	-	-	-	-	35,180	-
Net earnings (loss)	**11,363**	14,842	15,532	8,388	10,199	14,280	(9,295)	6,144
Adjusted earnings	**13,323**	15,755	16,470	9,723	13,117	14,987	15,561	6,995
Basic earnings (loss) per share	**0.54**	0.70	0.73	0.39	0.48	0.67	(0.43)	0.29
Adjusted basic earnings per share	**0.63**	0.74	0.77	0.46	0.62	0.70	0.72	0.33
Diluted earnings (loss) per share	**0.53**	0.69	0.72	0.39	0.48	0.66	(0.43)	0.29
Dividends paid per share (C$)	***0.15***	*0.15*	*0.15*	*0.13*	*0.13*	*0.13*	*0.13*	*0.13*
Average exchange rate for earnings	0.88:$1	0.92:$1	0.92:$1	0.91:$1	0.95:$1	0.96:$1	0.98:$1	0.99:$1

CASH FLOWS

CASH FROM OPERATING ACTIVITIES

	Fourth quarter		**Twelve-month period**	
	2014	2013	**2014**	2013
Cash flows from (used in) operating activities	**19,870**	(8,766)	**123,534**	84,340

FOURTH QUARTER:	TWELVE-MONTH PERIOD:
Increase in net earnings combined with collection efforts on accounts receivable permitted the improvement of cash flows.	Increase in net earnings combined with controls on inventory and more collection of accounts receivables were partially offset by higher tax instalments in relation to higher income taxable.

CASH FROM INVESTING ACTIVITIES

	Fourth quarter		Twelve-month period	
	2014	2013	**2014**	2013
Cash flows used in investing activities	**(10,334)**	(3,828)	**(48,322)**	(29,978)

FOURTH QUARTER:	TWELVE-MONTH PERIOD:
Cash was mainly used for capital expenditures for both quarters. In 2013, business disposals, in relation with the Action Plan, generated cash flows.	The main variance compared to 2013 is due to increased activities related to business acquisitions.

CASH FROM FINANCING ACTIVITIES

	Fourth quarter		Twelve-month period	
	2014	2013	**2014**	2013
Cash flows from (used in) financing activities	**(9,456)**	12,579	**(75,159)**	(54,421)

FOURTH QUARTER:	TWELVE-MONTH PERIOD:
The variance is explained by reimbursements of the credit facility during the fourth quarter of 2014, permitted by higher earnings, while in 2013, the Corporation used the credit facility to support working capital.	During both periods, cash was used to reimburse the credit facility and dividend payment. Higher earnings in 2014 permitted more reimbursements. During 2013, cash was also used for the redemption of 287,501 shares.

FREE CASH FLOW

	Fourth quarter		Twelve-month period	
	2014	2013	**2014**	2013
Cash flows from (used in) operating activities	**19,870**	(8,766)	**123,534**	84,340
Changes in working capital	**8,026**	26,230	**(24,100)**	3,632
Equity income	**(617)**	(580)	**(2,346)**	(2,652)
Acquisitions of property and equipment	**(5,082)**	(3,980)	**(13,575)**	(13,897)
Difference between amount paid for post-employment benefits and current year expenses	**(236)**	982	**97**	982
Free cash flows	**21,961**	13,886	**83,610**	72,405

FOURTH QUARTER:	TWELVE-MONTH PERIOD:
Free cash flows increased compared to last year mainly related to improved results, partly offset by more acquisitions of property and equipment.	The increase in free cash flows is mainly related to improved results and lower interest disbursements resulting from debt reduction that were partially offset by higher income tax instalments.

FINANCING

SOURCES OF FINANCING

The Corporation is diversifying its sources of financing in order to manage and mitigate liquidity risk.

CREDIT FACILITIES

On October 15, 2014, the Corporation amended the terms of its $400,000 unsecured long-term revolving credit facility and extended its maturity to June 30, 2018.

On December 23, 2014, the Corporation signed an additional unsecured letter of credit facility maturing on June 30, 2016 with an authorized amount of $20,000.

The Corporation has total credit facilities available for its needs of $420,000.

As at December 31, 2014, the unused portion amounted to $191,000 ($120,000 as at December 31, 2013). *(Refer to Note 18 in the consolidated financial statements for further details.)*

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 payment term agreements with the suppliers.

As at December 31, 2014, Uni-Select benefited from additional deferred payments of accounts payable in the amount of $100,280 and used $167,811 of the program ($84,987 and $122,772 respectively as at December 31, 2013). The authorized limit with the financial institutions is $222,500. These amounts are presented in the trade and other payables in the consolidated statements of financial position. This program is available upon request and may be modified by either party.

CONVERTIBLE DEBENTURES

In 2011, 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 C$41.76 per share. In December 2014, the Corporation announced the redemption for cancellation, at par, of C$51,750 aggregate principal amount of the convertible debentures in accordance with the terms established at the issuance of the debentures. As a result of the change in the estimated cash flows, an additional charge of $784 for accretion and amortization of financing costs was recorded during the year ended December 31, 2014. On February 1st, 2015, the Corporation redeemed all of its convertible debentures. *(Refer to Note 18 in the consolidated financial statements for further details)*

FUND REQUIREMENTS

The Corporation is able to meet both its operational and contractual fund requirements and support its various strategic initiatives for future growth, by using the various financing tools mentioned above, as well as its capacity to generate cash flows.

OPERATIONAL NEEDS

Operational requirements that the Corporation will face in 2015 are summarized as follows:

- The purchase of various capital assets, primarily the partial renewal of the vehicles' fleet through finance leases, hardware equipment, software applications and warehouse equipment mainly for distribution reconfiguration for about $30,000;
- The dividend payments of approximately $12,000; and
- The additional working capital to support organic sales growth will be partially offset by forecasted inventory reduction.

CONTRACTUAL OBLIGATIONS

Operating leases

The Corporation has entered into long-term operating lease agreements expiring at various dates until 2025 for the rental of buildings, vehicles and outsourcing of information technology services. 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.

Finance leases

The Corporation uses finance leases to renew its vehicle fleet. The terms vary from 24 to 96 months depending on the lease. As at December 31, 2014, the carrying values of the leased assets, which are presented under "automotive equipment" along with "property and equipment", were $15,745 ($14,876 as at December 31, 2013).

The following table shows the various contractual obligations due by period.

(in thousands of US dollars)	**2015**	**2016**	**2017**	**2018**	**2019**	**Thereafter**
Long-term debt [1] [2]	44,529	5	5	199,555	5	6
Operating leases	36,839	32,241	24,606	18,390	9,332	14,413
Finance leases [3]	5,356	4,559	3,235	2,017	1,075	-
Total	86,724	36,805	27,846	219,962	10,412	14,419

(1) Includes credit facility and convertible debentures
(2) Does not include obligations related to interest on the debt
(3) Include obligations related to interest on finance leases

Post-employment benefit obligations

The Corporation sponsors both defined benefit and defined contribution pension plans. The defined benefit plans include a basic registered pension plan, a registered pension plan for senior management and a non-registered supplemental pension plan for certain members of senior management. 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 the 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.

For the year ended December 31, 2015, the Corporation expects to make contributions of approximately $2,748 for its defined benefit plans. *(For more information see note 17 in the consolidated financial statements.)*

Off balance sheet arrangements – guarantees

Under inventory repurchase agreements, the Corporation has made commitments to financial institutions to repurchase inventory from some of its customers. 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 as the value of the assets held in guarantee is greater than the Corporation's financial obligations. *(For more information, see note 22 in the consolidated financial statements.)*

Under the terms of its credit facility, the Corporation has issued letters of credit amounting to $13,013 as at December 31, 2014 ($13,720 as at December 31, 2013). *(For more information, see note 18 in the consolidated financial statements.)*

CAPITAL STRUCTURE

The Corporation's capital management strategy optimizes the capital structure 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 the changing business conditions and the risks related to the underlying assets.

LONG-TERM FINANCIAL POLICIES AND GUIDELINES

The strategy of the Corporation is to maintain the following policies and guidelines to ensure flexibility in the capital structure:

- Total net debt to total net debt and total equity of less than 45%;
- Long-term debt to total equity ratio of less than 125%;
- Funded debt to adjusted EBITDA ratio at a maximum of 3.50;
- Return on average total equity of at least 9% greater than the risk-free interest rate; and
- Dividend payout ratio target between 20% and 25% of the previous year net earnings excluding certain adjustments, among other things, the non-capitalizable costs related to the development and implementation of the ERP system, costs related to the closure and disposal of stores, as well as restructuring and other charges.

			December 31,
		2014	2013
Components of debt ratios [1]:			
Long-term debt		**260,348**	277,715
Total net debt		**260,240**	277,658
Total equity		**512,996**	535,584
Debt ratios [2]:	***Objectives:***		
Total net debt to total net debt and total equity ratio	*Less than 45%*	***33.7%***	*34.1%*
Long-term debt to total equity ratio	*Less than 125%*	***50.8%***	*51.9%*
Funded debt to adjusted EBITDA ratio	*Maximum 3.50*	***2.34***	*2.74*
Adjusted return on average total equity	*At least 9% greater than the risk free interest rate*	***10.9%***	*9.8%*
Dividend payout ratio	*Between 20% and 25% of the adjusted earnings of the previous year*	***23.6%***	*24.5%*

(1) Following the announcement of the redemption in December 2014, the convertible debentures are considered as short-term debt for 2014, while they were classified as equity in 2013.

(2) These ratios are not considered as required in banking commitments but rather as those that the Corporation considers pertinent to follow as a way of ensuring flexibility in the capital structure.

The Corporation's Management continuously reviews its working capital items to improve and maintain the funded debt to adjusted EBITDA ratio.

The ***total net debt to total net debt and total equity ratio*** as well as the ***long-term debt to total equity ratio*** are similar to last year as the debt increased following the announcement of convertible debentures' redemption, while the equity decreased for the same reason.

The ***funded debt to adjusted EBITDA ratio*** variation is attributed to a lower level of debt combined with an increase in adjusted EBITDA.

The ***adjusted return on average total equity*** increased as a direct effect of the Corporation's superior adjusted net earnings. *(For further details on how the Corporation calculates those ratios, see the section on "Non-IFRS financial measures".)*

BANK COVENANTS

For purposes of compliance, the Corporation regularly monitors the requirements of its bank covenants to ensure they are met. As at December 31, 2014, the Corporation met all the requirements. *(For more information, see note 24 in the consolidated financial statements.)*

DIVIDENDS

The Corporation paid quarterly dividends to its shareholders for the 27th consecutive year. Declared dividends amount to C$0.58 per share in 2014 compared to C$0.52 in 2013, an increase of 11.5%.

On February 12, 2015, the Corporation declared the first quarterly dividend of 2015 of C$0.15 per share, payable on April 21, 2015 to shareholders of record as at March 31, 2015.

Dividends are approved by the Board of Directors, which bases its decision on operating results, cash flows and other relevant factors. There is no guarantee that dividends will be declared in the future.

The dividend is an eligible dividend for income tax purposes.

INFORMATION ON CAPITAL STOCK

(in thousands of shares)	Fourth quarter		Twelve-month period	
	2014	2013	**2014**	2013
Number of shares issued and outstanding	**21,216**	21,264	**21,216**	21,264
Weighted average number of outstanding shares	**21,231**	21,279	**21,254**	21,411

At January 31, 2015, 21,220,862 shares of the Corporation were outstanding.

NORMAL COURSE ISSUER BID

During the year 2014, the Corporation redeemed 58,115 (287,501 for 2013) common shares for a cash consideration of $1,448 ($6,408 in 2013) including a share redemption premium of $1,209 ($5,116 in 2013) applied as a reduction of retained earnings. The average purchase price was C$27.94 (C$22.87 in 2013).

ISSUANCE OF SHARES

No shares were issued during the normal course of business in 2014 and in 2013. During the last quarter of 2014, 10,205 common shares were issued under the stock option plan (nil in 2013).

STOCK-BASED COMPENSATION

The Corporation's stock-based compensation plans include an equity-settled common share stock option plan, and cash-settled plans consisting of a deferred share unit plan and a performance share unit plan.

Common share stock option plan for management employees and officers

For the year ended December 31, 2014, 203,243 options were granted to management employees and officers of the Corporation (298,338 for 2013), with an average exercise price of C$28.76 (C$22.90 in 2013). During the year, no options were forfeited or expired (37,515 for 2013) and 10,205 were exercised (nil in 2013).

As at December 31, 2014, options granted for the issuance of 513,861 common shares (320,823 as at December 31, 2013) were outstanding under the Corporation's stock option plan, and 1,174,165 common shares (1,377,408 as at December 31, 2013) were reserved for additional options under the stock option plan.

For the year ended December 31, 2014, compensation expense of $1,092 ($940 for 2013) was recorded in the net earnings, with the corresponding amounts recorded in "Contributed surplus".

Deferred share unit plan

For the year ended December 31, 2014, the Corporation granted 43,899 deferred share units ("DSUs") (34,976 DSUs for 2013) and redeemed 2,997 DSUs (1,839 for 2013). Compensation expense of $1,193 ($737 in 2013) was recorded during the year, and 85,495 DSUs were outstanding as at December 31, 2014 (44,593 as at December 31, 2013) for which the compensation liability was $2,009 ($944 as at December 31, 2013).

Performance share unit plan

For the year ended December 31, 2014, the Corporation granted 92,419 performance share units ("PSUs") (108,811 PSUs for 2013), 16,725 of which were subsequently forfeited or redeemed (12,071 in 2013). Compensation expense of $1,051 was recorded during the year ($720 in 2013), and 172,434 PSUs were outstanding as at December 31, 2014 (96,740 PSUs as at December 31, 2013) for which the compensation liability was $1,612 ($697 as at December 31, 2013). *(For more information, see note 16 in the consolidated financial statements.)*

FINANCIAL POSITION

During the year, the financial position, when compared to December 31, 2013, has been impacted by the declining Canadian dollar and by net business acquisitions.

The following table shows an analysis of the main variances in the consolidated statements of financial position:

	Dec 31, 2014	Dec. 31, 2013	Impact of business acquisitions or disposals	Exchange rate impact	Net variance[1]
Trade and other receivables	**224,910**	220,942	4,444	(8,001)	7,525
Inventory	**529,575**	532,045	9,032	(10,518)	(984)
Trade and other payables	**(373,690)**	(341,429)	(1,018)	9,072	(40,315)
Other working capital items	**13,025**	10,517	2,895	(448)	61
Working capital (excluding cash and instalments on long-term debt and merchant members' deposits in the guarantee fund)	**393,820**	422,075	15,353	(9,895)	(33,713)
Equity investments, other investments and advances to merchant members	**21,743**	36,855	(13,426)	(1,400)	(286)
Intangible assets	**133,556**	140,598	5,090	(1,326)	(10,806)
Goodwill	**192,496**	184,449	11,351	(3,304)	-
Long-term debt (including short-term portion)	**260,347**	277,715	18,755	(11)	(36,112)
Convertible debentures	**-**	46,829	-	(3,915)	(42,914)

[1] Explanations for net variance:

Trade and other receivables: Increase is mainly related to additional sales during the month of December 2014.

Inventory: Special buys at year-end combined with the deployment of new products lines, such as the Corporation's private label, offset the decrease in inventory of $18,500 in relation with the Action Plan.

Trade and other payables: The Corporation took advantage of better payment terms.

Intangible assets: Depreciation was higher than acquisitions.

Long-term debt (including short-term portion): Cash generated by operating activities allowed the reimbursement. Without the convertible debentures, the decrease would have been $79,026.

Convertible debentures: Reclassed to long-term debt following the announcement of their redemption in December 2014.

RELATED PARTIES

For the years ended December 31, 2014 and 2013, common 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, 2014 and 2013, the compensation to key management personnel was as follows:

	Years ended December 31,	
	2014	2013
Salaries and short-term employee benefits	**5,433**	5,007
Post-employment benefits (including contributions to defined benefit pension plans)	**547**	574
Stock-based benefits	**2,195**	2,153
Total compensation	**8,175**	7,734

There were no other related party transactions with key management personnel for the years ended December 31, 2014 and 2013.

Other transactions

For the year ended December 31, 2014, the Corporation incurred rental expenses of $3,007 ($3,429 for 2013) to the benefit of Clarit Realty, Ltd., a company controlled by a related party. The associated lease payments were concluded in the Corporation's normal course of business for various terms of no more than five years.

SUBSEQUENT EVENT

On February 9, 2015, the Corporation entered into an agreement for the sale of substantially all of the assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. for cash proceeds of approximately $340,000. In the first quarter of 2015, the Corporation expects to incur an estimated after-tax loss ranging from $80,000 to $100,000 in connection with the sale of the net assets of the business activities and other related charges of which approximately $20,000 in cash outlays are expected to be required. The loss will reflect transaction-related costs, termination of service contracts, restructuring charges, write-down of intangibles (mostly IT systems) and write-down of a portion of the goodwill. This transaction is expected to close during the first half of 2015 and is subject to customary closing conditions, including obtaining regulatory approvals.

RISK MANAGEMENT

In the normal course of business, the Corporation is exposed to a variety of risks that may have a material impact on its business activities, operating results, cash flows and financial position. The Corporation continuously maintains and updates its system of analysis and controls on operational, strategic and financial risks to continuously manage and implement activities with the objective of mitigating the main risks mentioned below.

RISKS ASSOCIATED WITH THE ECONOMY

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 economic climate, it is not nearly as affected by a difficult economic situation as may be the sale of new cars, since deciding to make car repairs is less discretionary and less expensive than the decision to buy a new vehicle.

Inflation

Management believes that inflation has little impact on the Corporation's financial results, as any price increase 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.

Distance travelled

There is a direct link between unemployment rates, fuel prices and distance travelled as there exists a direct link between distance travelled and the rate of vehicle wear and tear and repairs. Fuel prices also affect the Corporation's delivery costs in the United States. Uni-Select regularly reviews delivery routes in the United States to ensure that they are optimal and thus keep delivery costs under control.

RISKS ASSOCIATED WITH THE BUSINESS CONTEXT

Growth in the vehicle fleet

Although the number of registered vehicles in North America is growing, the decline in sales for new vehicles between 2008 and 2012 has resulted in an aging vehicle fleet, leading to an increase in demand for replacement parts.

The growing number of car models over the last few years, coupled with their longer lifespan, results 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 technological complexity and greater number of electrical 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' network could result in a move toward the aftermarket network for vehicle maintenance and repairs.

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.

Uni-Select imports, to a lesser extent, various parts and products from foreign sources; with regards to these parts, the success of an eventual recourse against a supplier or manufacturer is uncertain. The Corporation carries liability insurance. In addition, transport logistics between the country of origin and the markets supplied increase the risk of stock outages.

To ensure a continuous supply of its products, the Corporation examines the financial results of its main suppliers and regularly reviews the diversification of its sources of supply.

Technology

Ongoing technological developments in recent years require distributors and wholesalers to provide continual training programs to their employees and customers, 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.

Environmental risks

The industry of paint distribution involves a certain level of environmental risk. Damages or destruction to warehouses, specialised in the storage of such products, notably by fire, resulting in the spillage of paint, can have environmental consequences such as soil or air pollution. 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 accidental spills.

RISKS ASSOCIATED WITH THE OPERATIONAL CONTEXT

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 and independent installers), 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 independent wholesalers 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 wholesale level, the Corporation has developed programs designed to facilitate its merchants' expansion through acquisitions.

Furthermore, considering that owners of replacement parts stores are 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 its 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 an expertise in this regard having successfully acquired and integrated several businesses over the years. To limit its risk, the Corporation has adopted a targeted and selective acquisition strategy, conducts strict due diligence 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.

Competition

The aftermarket industry in which the Corporation does business is highly competitive. Availability of parts, prices, quality and customer service are critical factors. Uni-Select competes primarily in the DIFM (Do It For Me) segment of the industry with, among others, national and regional retail chains, independent distributors and wholesalers as well as online suppliers. Competition varies from market to market and some competitors may have superior advantages to Uni-Select, which may result, among others, in a reduction in selling prices and an increase in marketing and promotional expenses, which would drive down the Corporation's profitability. To reduce this risk, the Corporation regularly reviews its product and service offering to meet the needs of its customer base as effectively as possible. In addition, the proliferation of parts in itself is a barrier to entry into the market for new competitors.

Business and financial systems

The Corporation relies extensively on its computer systems and the systems of its business partners to manage inventory, process transactions and report results. These systems are subject to damage or interruption from power outages, telecommunications failures, computer viruses, security breaches and catastrophic events. If its computer systems or those of its business partners fail to function properly, the Corporation may experience loss of critical data and interruptions or delays in its ability to manage inventories or process transactions, potentially impacting revenue and operational results.

To mitigate that risk, the Corporation implemented a comprehensive disaster recovery plan (DRP), which includes daily backups, dual telecommunication lines, hardware redundancy and external hosting of equipment in specialized sites.

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 subject to numerous external factors, such as wage rates, fringe benefits and the availability of local skilled resources at the opportune moment. The inability to attract, train and retain employees could affect the Corporation's growth capacity as well as its financial performance. Over the years, the Corporation has introduced a number of employee incentive programs and tools, including the following:

- E-fUNI (training tool);
- Leadership training and accelerated talent development programs; and
- The "Value Creator" and the President's Award.

RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

Fair value

The fair value of most of the Corporation's financial instruments, including cash, trade and other receivables, trade and other payables, 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 spread that exists between the actual interest rate negotiated by the Corporation and the rate that would be renegotiated taking into account actual market conditions.

Liquidity risk

This risk is dealt with in the section on "Sources of financing and fund requirements".

Credit risk

Credit risk stems primarily from the potential inability of customers to discharge their obligations. The maximum credit risk to which the Corporation is exposed represents the book value of its trade and other receivables and investments and advances to merchant members. No account represents more than 5% of total accounts receivable. In order to manage its risk, specific credit limits are determined for all accounts and reviewed regularly by the Corporation.

In addition, the Corporation holds in guarantee some personal property and assets of certain customers. Those customers are also required to contribute to a fund to guarantee a portion of their amounts due to the Corporation. The financial viability of customers is examined regularly and monthly analysis are reviewed to ensure that past due amounts are collectible and, if necessary, that measures are taken to limit credit risk.

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.

Foreign exchange risk

The Corporation is exposed to foreign exchange risk on its financial instruments mainly due to purchases in currencies other than the respective functional currencies of the Corporation and its subsidiaries. Management considers that fluctuations in the relative values of the US dollar and the Canadian dollar will not have a material impact on net earnings.

The most recent analysis of the Corporation shows that a $0.01 variation in the value of the Canadian dollar versus the US dollar would have an impact of $0.01 per share on the Corporation's results. This impact is purely on the books and does not affect cash flows.

On the other hand, the Corporation has certain investments in foreign subsidiaries (United States of America) whose net assets are exposed to foreign currency conversion. The Corporation hedges the foreign exchange risk exposure related to those investments with US dollar denominated debt instruments. (*For further details, see Note 20 in the consolidated financial statements.)*

Interest rates

The Corporation is exposed to interest rate fluctuations, primarily due to its variable rate debts. To mitigate those fluctuations, the Corporation uses derivative financial instrument, such as swap contracts designed to exchange variable rates for fixed rates. The Corporation does not use financial instruments for trading or speculative purposes. The current contract of $80,000 matures in 2016.

All things being equal, a favourable or unfavourable variation of 0.25% in the base rate would have an impact on results of approximately $0.014 per share. *(For further details, refer to Note 20 in the consolidated financial statements.)*

CHANGE IN ACCOUNTING POLICIES

ADOPTED IN 2014

Effective date – January 1, 2014

FINANCIAL INSTRUMENTS: PRESENTATION

In December 2011, the International Accounting Standards Board ("IASB") 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 realization and settlement for applying the offsetting requirements. The Corporation has applied this amendment as of January 1, 2014, and this change had no impact on the Corporation's consolidated financial statements.

FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT

In June 2013, the IASB issued amendments to IAS 39 "Financial Instruments: Recognition and Measurement", permitting the continuation of hedge accounting in specific cases where a derivative instrument designed as a hedging instrument is novated to a derivative instrument cleared through a central counterparty in order to comply with local laws or regulations. The Corporation has applied this amendment as of January 1, 2014, and this change had no impact on the Corporation's consolidated financial statements.

FUTURE ACCOUNTING CHANGES

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted earlier by the Corporation.

Information on new standards, amendments and interpretations that are expected to be relevant to the Corporation's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Corporation's consolidated financial statements.

Effective date – January 1, 2017 with earlier adoption permitted

REVENUE FROM CONTRACTS WITH CUSTOMERS

In May 2014, the IASB and the Financial Accounting Standards Board ("FASB") jointly issued IFRS 15 "Revenues from contracts with customers", a converged standard on the recognition of revenue from contracts with customers. It supersedes the IASB's current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction Contracts", and related interpretations. IFRS 15 provides a single principle-based five-step model to use when accounting for revenue arising from contracts with customers. The Corporation has not yet assessed the impact of this standard or determined whether it will adopt it earlier.

Effective date – January 1, 2018 with earlier adoption permitted

FINANCIAL INSTRUMENTS

In July 2014, the IASB issued a complete and final version of IFRS 9 "Financial Instruments", replacing the current standard on financial instruments (IAS 39). IFRS 9 introduces a single, principle-based approach for the classification of financial assets, driven by the nature of cash flows and the business model in which an asset is held. IFRS 9 also provides guidance on an entity's own credit risk relating to financial liabilities and has modified the hedge accounting model to align the economics of risk management with its accounting treatment. The standard results in a single expected-loss impairment model rather than an incurred losses model. The Corporation has not yet assessed the impact of this standard or determined whether it will adopt it earlier.

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 recognized in the consolidated financial statements and notes to consolidated financial statements. Judgment is commonly used in determining whether a balance or transaction should be recognized in the 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 is provided in Note 3 to the consolidated financial statements, and the most significant uses of judgment, estimates and assumptions relate to the following:

ESTIMATES

Business combinations: Upon the recognition of a business combination, the Corporation records the assets acquired and liabilities assumed at their estimated fair values. 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. *(Refer to Note 10 in the consolidated financial statements for further details.)*

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 time 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.

Allowance for surplus or obsolete inventory: 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 when establishing such allowances. In the event that actual market conditions are less favorable than the Corporation's assumptions, additional allowances could prove necessary.

Property and equipment and intangible assets: Assumptions are required in determining the useful lives of property and equipment and intangible assets with finite useful lives. *(Refer to Note 3 in the consolidated financial statements for further details.)*

Impairments of non-financial assets: The Corporation uses estimates and assumptions based on historical experience and Management's best estimates to estimate future cash flows in the determination of the recoverable amounts of assets and the fair value of cash generating units ("CGUs"). Impairment tests require Management to make significant assumptions about future events and operating results. Significant estimates are also required in the determination of appropriate discount rates to apply 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 statement of financial position, and on the Corporation's net earnings in future periods. For the years ended December 31, 2014 and 2013, with the exception of the impairment losses recorded in 2013 as part of the Corporation's distribution network consolidation plan described in Note 4 of the consolidated financial statements, no impairment losses or reversals of previous losses have been recorded on the Corporation's non-current assets. *(Refer to Notes 4 and 15 in the consolidated financial statements for further details.)*

Deferred 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 the defined benefit obligations are based on inflation rates, discount rates and mortality rates that Management considers to be reasonable. It also takes into account the Corporation's specific anticipation of future salary increases and retirement ages of employees. 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. Variation of these assumptions may significantly impact the Corporations' defined benefit obligations amount and the annual defined benefits expenses. *(Refer to Note 17 in the consolidated financial statements for further details.)*

Hedge effectiveness: The Corporation 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 an impact on the Corporation's net earnings in subsequent periods. The Corporation does not use derivative financial instruments for speculative purposes.

Provisions: The Corporation makes estimates of projected costs and timelines and the probability of occurrence of the obligations in determining the amount for provisions. Provisions are reviewed at the end of each reporting period and are adjusted to reflect the best estimates. *(Refer to Note 3 in the consolidated financial statements for further details.)*

JUDGMENTS

Leases: The Corporation uses judgment in determining the classification of its leased assets at inception of the lease. *(Refer to Note 3 in the consolidated financial statements for further details.)*

Evidence of asset impairment: The Corporation uses significant judgment in determining the existence of an event which indicates a negative effect on the estimated future cash flows associated with an asset. If applicable, the Corporation performs impairment tests on its CGUs to assess whether the carrying amounts of assets are recoverable. As described in the previous section, various estimates made by Management are used in the impairment tests.

Hedge accounting: At the inception of a hedging relationship, the Corporation uses judgment in determining the probability that a forecast transaction will occur.

NON-IFRS FINANCIAL MEASURES

The information included in this report contains certain financial measures that are inconsistent with IFRS. Non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other entities. The Corporation is of the view that users of its MD&A may analyze its results based on these measurements.

The following table presents performance measures used by the Corporation which are not defined by 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. This measure enables Uni-Select to evaluate 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, based on findings that Management regards as reasonable, may differ from the actual rate of organic growth.
EBITDA	This measure represents net earnings excluding finance costs, depreciation and amortization, equity income and income taxes. This measure is a 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.
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 considers that these measures are more representative of the Corporation's operational performance and more appropriate in providing additional information. These adjustments include, among other things, costs related to the closure and disposal of stores, restructuring and other charges and the non-capitalizable costs related to the development and implementation of the ERP system. The exclusion of these items does not indicate that they are non-recurring.
Adjusted EBITDA margin	The adjusted EBITDA margin is a percentage corresponding to the ratio of adjusted EBITDA to sales.
Free cash flows	This measure corresponds to the cash flows from operating activities according to the consolidated statements of cash flows adjusted for the following items: changes in working capital items, equity income, acquisitions of property and equipment and difference between amount paid for post-employment benefits and current year expenses. Uni-Select considers the free cash flows to be a good indicator of financial strength and of operating performance because it shows the amount of funds 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 flows exclude certain variations in 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 debt	This measure consists of long-term debt, including the portion due within a year *(as shown in note 18 to consolidated financial statements)* combined, in 2014, with the convertible debentures, net of cash. The convertible debentures were excluded from total net debt in 2011 to 2013.
Total net debt to total net debt and total equity ratio	This ratio corresponds to total net debt divided by the sum of total net debt and total equity. From 2011 to 2013, the convertible debentures were considered as equity and were added to the denominator of the ratio.
Long-term debt to total equity ratio	This ratio corresponds to long-term debt, including the portion due within a year *(as shown in note 18 to consolidated financial statements)* divided by the total equity. From 2011 to 2013, the convertible debentures were considered as equity and were added to the denominator of the ratio.
Funded debt to adjusted EBITDA	This ratio corresponds to total net debt to adjusted EBITDA. The convertible debentures were excluded from total net debt in 2011 to 2013, since they were considered as equity.
Adjusted return on average total equity	This ratio corresponds to net earnings adjusted for restructuring and other charges as well as the non-recurring expenses related to the Action Plan and to the closure and disposal of stores, divided by average total equity.

EXCHANGE RATE DATA

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

	Years ended December 31,		
	2014	2013	2012
Average for the period			
For statement of earnings	**0.91**	0.97	1.00
Period end			
For statement of financial position	**0.86**	0.94	1.00

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.

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

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). Early in 2014, the Corporation reviewed its compliance testing to ensure the adoption of COSO (Committee of Sponsoring Organizations of the Treadway Commission) 2013 control framework and its 17 principles.

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, 2014, the President and Chief Executive Officer and the Executive Vice President, Corporate Services and Chief Financial Officer concluded that the Corporation's disclosure controls and procedures are properly designed and 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, 2014, in accordance with the NI 52-109 guidelines. This evaluation enabled the President and Chief Executive Officer and the Executive Vice President, Corporate Services 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.

During the year ended December 31, 2014, no change in the Corporation's internal controls over financial reporting has occurred that has materially affected, or is reasonably likely to materially affect, the Corporation's internal controls over financial reporting.

OUTLOOK

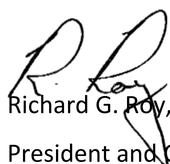
During 2015, Uni-Select will focus on the completion of the 2012-2015 Strategic Plan centred on customer service, sales, operations and operating margin.

The Corporation will foster a customer centric culture and accelerate organic growth by reinforcing customer loyalty, recruiting customers and intensifying enrolment to its banner programs. Its team will focus on offering superior customer experience, leveraging business opportunities in the paint distribution sector, enhancing its product offering and improving visibility on inventory.

The Corporation will also continue the optimization of its operations for superior productivity by reconfiguring distribution centres and improving replenishment process and warehouse workflow.

Uni-Select will take advantage of the Action Plan, leveraging its systems capabilities and continue to improve the overall buying and selling conditions to improve its adjusted EBITDA margin.

Management is confident that these initiatives will contribute to improve its profitability, allowing further growth and debt reduction.



Richard G. Roy, FCPA, FCA

President and Chief Executive Officer

Denis Mathieu, CPA, CA, MBA

Executive Vice President, Corporate Services and Chief Financial Officer

Approved by the Board of Directors on February 12, 2015.

UNI-SELECT®

Consolidated financial statements

as at December 31, 2014

Management’s report	35
Independent auditor’s report	36
Consolidated statements of earnings	37
Consolidated statements of comprehensive income	38
Consolidated statements of changes in equity	39
Consolidated statements of cash flows	40
Consolidated statements of financial position	41
Notes to consolidated financial statements	42

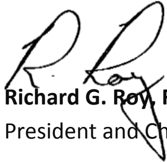
MANAGEMENT'S REPORT

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 February 12, 2015.

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 this 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.



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

Denis Mathieu, CPA, CA, MBA
Executive Vice President, Corporate Services and
Chief Financial Officer

Boucherville
February 12, 2015

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, 2014 and 2013 and the consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the years then ended, 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 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 controls. 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, 2014 and 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

/s/ Raymond Chabot Grant Thornton LLP[1]

Montréal (Canada)
February 12, 2015

[1] CPA auditor, CA public accountancy permit no. A105359

CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands of US dollars, except per share amounts)	Note	Year ended December 31,	
		2014	2013
Sales		**1,784,359**	1,788,085
Purchases, net of changes in inventories		**1,250,984**	1,249,891
Gross margin		**533,375**	538,194
Employee benefits		**283,085**	293,809
Other operating expenses		**146,765**	152,006
Restructuring and other charges	4	**(1,931)**	35,180
Earnings before finance costs, depreciation and amortization, equity income and income taxes		**105,456**	57,199
Finance costs, net	5	**13,332**	15,654
Depreciation and amortization	6	**31,685**	29,297
Earnings before equity income and income taxes		**60,439**	12,248
Equity income		**2,346**	2,652
Earnings before income taxes		**62,785**	14,900
Income tax expense (recovery)	7		
Current		**16,521**	4,627
Deferred		**(3,861)**	(11,055)
		12,660	(6,428)
Net earnings attributable to shareholders		**50,125**	21,328
Earnings per share			
Basic	8	**2.36**	1.00
Diluted	8	**2.35**	1.00
Weighted average number of common shares outstanding (in thousands)			
Basic	8	**21,254**	21,411
Diluted	8	**21,309**	21,411

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands of US dollars)	Note	Year ended December 31, 2014	2013
Net earnings		**50,125**	21,328
Other comprehensive income (loss)			
Items that will subsequently be reclassified to net earnings:			
Effective portion of changes in the fair value of cash flow hedges (net of income tax of $76 ($57 in 2013))		**(206)**	(155)
Net change in the fair value of derivative financial instruments designated as cash flow hedges transferred to earnings (net of income tax of $179 ($341 in 2013))		**483**	873
Unrealized exchange gains on the translation of financial statements to the presentation currency		**11,450**	11,920
Unrealized exchange losses on the translation of debt designated as a hedge of net investments in foreign operations		**(22,326)**	(17,550)
		(10,599)	(4,912)
Items that will not subsequently be reclassified to net earnings:			
Remeasurements of long-term employee benefit obligations (net of income tax of $1,509 ($1,617 in 2013))	17	**(4,045)**	4,283
Total other comprehensive loss		**(14,644)**	(629)
Comprehensive income attributable to shareholders		**35,481**	20,699

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of US dollars)	Note	Share capital	Contributed surplus	Equity component of the convertible debentures	Retained earnings	Accumulated other comprehensive income (loss) (Note 21)	Total equity
		Attributable to shareholders					
Balance, December 31, 2012		88,563	392	1,687	384,902	8,661	484,205
Net earnings		-	-	-	21,328	-	21,328
Other comprehensive income (loss)		-	-	-	4,283	(4,912)	(629)
Comprehensive income (loss)		-	-	-	25,611	(4,912)	20,699
Contributions by and distributions to shareholders:							
Share redemptions	11	(1,292)	-	-	(5,116)	-	(6,408)
Dividends		-	-	-	(10,681)	-	(10,681)
Stock-based compensation	16	-	940	-	-	-	940
		(1,292)	940	-	(15,797)	-	(16,149)
Balance, December 31, 2013		**87,271**	**1,332**	**1,687**	**394,716**	**3,749**	**488,755**
Net earnings		**-**	**-**	**-**	**50,125**	**-**	**50,125**
Other comprehensive loss		**-**	**-**	**-**	**(4,045)**	**(10,599)**	**(14,644)**
Comprehensive income (loss)		**-**	**-**	**-**	**46,080**	**(10,599)**	**35,481**
Contributions by and distributions to shareholders:							
Share redemptions	11	**(239)**	**-**	**-**	**(1,209)**	**-**	**(1,448)**
Issuance of shares	11	**206**	**-**	**-**	**-**	**-**	**206**
Dividends		**-**	**-**	**-**	**(11,090)**	**-**	**(11,090)**
Stock-based compensation	16	**-**	**1,092**	**-**	**-**	**-**	**1,092**
		(33)	**1,092**	**-**	**(12,299)**	**-**	**(11,240)**
Balance, December 31, 2014		**87,238**	**2,424**	**1,687**	**428,497**	**(6,850)**	**512,996**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of US dollars)	Note	Year ended December 31, 2014	2013
OPERATING ACTIVITIES			
Net earnings		**50,125**	21,328
Non-cash items:			
Restructuring and other charges	4	**(1,931)**	35,180
Finance costs, net	5	**13,332**	15,654
Depreciation and amortization	6	**31,685**	29,297
Income tax expense (recovery)	7	**12,660**	(6,428)
Amortization of incentives granted to customers		**11,623**	8,076
Other non-cash items		**4,020**	(2,936)
Changes in working capital items	9	**24,100**	(3,632)
Interest paid		**(10,186)**	(13,098)
Income taxes recovered (paid)		**(11,894)**	899
Cash flows from operating activities		**123,534**	84,340
INVESTING ACTIVITIES			
Net business acquisitions	10, 13	**(18,735)**	3,065
Advances to merchant members and incentives granted to customers		**(16,980)**	(16,018)
Reimbursement of advances to merchant members		**6,492**	3,050
Dividends received from equity investments		**367**	916
Net acquisitions of property and equipment		**(13,333)**	(12,069)
Net acquisitions and development of intangible assets		**(6,133)**	(8,922)
Cash flows used in investing activities		**(48,322)**	(29,978)
FINANCING ACTIVITIES			
Increase in long-term debt		**73,558**	236,669
Repayment of long-term debt		**(136,597)**	(273,616)
Net decrease in merchant members' deposits in the guarantee fund		**(52)**	(329)
Share redemptions	11	**(1,448)**	(6,408)
Issuance of shares	11	**206**	-
Dividends paid		**(10,826)**	(10,737)
Cash flows used in financing activities		**(75,159)**	(54,421)
Effects of fluctuations in exchange rates on cash		**(3)**	(6)
Net increase (decrease) in cash		**50**	(65)
Cash, beginning of year		**57**	122
Cash, end of year		**107**	57

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

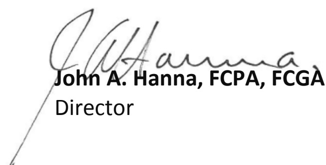
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In thousands of US dollars)	Note	December 31,	
		2014	2013
ASSETS			
Current assets:			
Cash		**107**	57
Trade and other receivables	12	**224,910**	220,942
Income taxes receivable		**10,663**	16,883
Inventory		**529,575**	532,045
Prepaid expenses		**11,829**	11,417
Total current assets		**777,084**	781,344
Equity investments, other investments and advances to merchant members	13	**21,743**	36,855
Property and equipment	14	**51,924**	49,494
Intangible assets	15	**133,556**	140,598
Goodwill	15	**192,496**	184,449
Deferred tax assets	7	**13,502**	13,151
TOTAL ASSETS		**1,190,305**	1,205,891
LIABILITIES			
Current liabilities:			
Trade and other payables		**373,690**	341,429
Provision for restructuring charges	4	**6,724**	15,185
Dividends payable		**2,743**	2,598
Current portion of long-term debt, convertible debentures and merchant members' deposits in the guarantee fund	18, 19	**49,993**	4,667
Total current liabilities		**433,150**	363,879
Long-term employee benefit obligations	16, 17	**25,233**	19,561
Long-term debt	18	**210,462**	273,165
Convertible debentures	18	**-**	46,829
Merchant members' deposits in the guarantee fund	19	**6,388**	6,988
Derivative financial instruments	20	**511**	890
Deferred tax liabilities	7	**1,565**	5,824
TOTAL LIABILITIES		**677,309**	717,136
EQUITY			
Share capital	11	**87,238**	87,271
Contributed surplus		**2,424**	1,332
Equity component of the convertible debentures	18	**1,687**	1,687
Retained earnings		**428,497**	394,716
Accumulated other comprehensive income (loss)	21	**(6,850)**	3,749
TOTAL EQUITY		**512,996**	488,755
TOTAL LIABILITIES AND EQUITY		**1,190,305**	1,205,891

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

On behalf of the Board of Directors,

Robert Chevrier, FCPA, FCA
Director



John A. Hanna, FCPA, FCGA
Director

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars, except per share amounts, percentages and otherwise specified)

1 - GOVERNING STATUTE AND NATURE OF OPERATIONS

Uni-Select Inc. ("Uni-Select") is a corporation domiciled in Canada and duly incorporated and governed by the Business Corporations Act (Québec). Uni-Select is the parent company of a group of entities, which includes Uni-Select and its subsidiaries (collectively, the "Corporation"). The Corporation is a major distributor of replacement parts, equipment, tools and accessories and paint and related products for motor vehicles. The Corporation's registered office is located at 170 Industriel Blvd., Boucherville, Québec, Canada.

These consolidated financial statements present the operations and financial position of the Corporation and all of its subsidiaries as well as the Corporation's interests in jointly controlled entities.

The Corporation's shares are listed on the Toronto Stock Exchange ("TSX") under the symbol UNS.

2 - BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Corporation has consistently applied the same accounting policies for all the periods presented.

The Board of Directors approved and authorized for issuance these consolidated financial statements on February 12, 2015.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments, which are measured at fair value, provisions, which are measured based on the best estimates of the expenditures required to settle the obligation and the post-employment benefit obligations, which are measured at the present value of the defined-benefit obligation, adjusted for unrecognized past service costs and reduced by the net value of plan assets.

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. These consolidated financial statements are presented in US dollars, which is the Corporation's presentation currency.

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 recognized in the consolidated financial statements and notes to the financial statements. Judgment is commonly used in determining whether a balance or transaction should be recognized in the 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 is provided in Note 3 to the consolidated financial statements, and the most significant uses of judgment, estimates and assumptions relate to the following:

(i) Estimates

Business combinations: Upon the recognition of a business combination, the Corporation records the assets acquired and liabilities assumed at their estimated fair values. 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 10 for details on the business combinations completed in the last two periods.

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.

2 - BASIS OF PRESENTATION (CONTINUED)

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 time the estimates are made. These estimates also include assumptions about future selling prices and 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.

Allowance for surplus or obsolete inventory: 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 statements of financial position. Management must make estimates when establishing such allowances. In the event that actual market conditions are less favorable than the Corporation's assumptions, additional allowances could prove necessary.

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

Impairments of non-financial assets: The Corporation uses estimates and assumptions based on historical experience and Management's best estimates to estimate future cash flows in the determination of the recoverable amounts of assets and the fair value of cash generating units ("CGUs"). Impairment tests require Management to make significant assumptions about future events and operating results. Significant estimates are also required in the determination of appropriate discount rates to apply 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, 2014 and 2013, with the exception of the impairment losses recorded in 2013 as part of the Corporation's distribution network consolidation plan described in Note 4, no impairment losses or reversals of previous losses have been recorded on the Corporation's non-current assets. Refer to Notes 4 and 15 for further details.

Deferred 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 the defined benefit obligations are based on inflation rates, discount rates and mortality rates that Management considers to be reasonable. It also takes into account the Corporation's specific anticipation of future salary increases and retirement ages of employees. 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 the terms of the related defined benefit obligations. Variation in these assumptions may significantly impact the Corporation's defined benefit obligations. Refer to Note 17 for details on the assumptions and estimates used for the years ended December 31, 2014 and 2013.

Hedge effectiveness: The Corporation 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 an impact on the Corporation's net earnings in subsequent periods. The Corporation does not use derivative financial instruments for speculative purposes.

Provisions: The Corporation makes estimates of projected costs and timelines and the probability of occurrence of the obligations in determining the amount for provisions. Provisions are reviewed at the end of each reporting period and are adjusted to reflect the best estimates. Refer to Note 3 for further details.

2 - BASIS OF PRESENTATION (CONTINUED)

(ii) Judgments

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

Evidence of asset impairment: The Corporation uses significant judgment in determining the existence of an event which indicates a negative effect on the estimated future cash flows associated with an asset. If applicable, the Corporation performs impairment tests on its CGUs to assess whether the carrying amounts of assets are recoverable. As described in the previous section, various estimates made by Management are used in the impairment tests.

Hedge accounting: At the inception of a hedging relationship, the Corporation uses judgment in determining the probability that a forecasted transaction will occur.

3 - SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used to prepare these consolidated financial statements are as follow:

Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Corporation. Control exists when the Corporation is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. Transactions with subsidiaries are eliminated on a consolidation basis. The Corporation's principal subsidiaries owned at 100% as at December 31, 2014 and 2013 are as follows:

Beck/Arnley Worldparts, Inc.
FinishMaster, Inc.
Uni-Select USA Holdings, Inc.
Uni-Select USA, Inc.
Uni-Select Luxembourg S.à r.l.
Uni-Select Prairies Inc.
Uni-Select Pacific Inc.
Uni-Select Purchases, G.P.
Uni-Sélect Québec Inc.
Uni-Sélect Eastern Inc.

(ii) Equity investments (joint ventures)

Joint ventures are entities over which the Corporation exercises joint control, whereby the parties have rights to the net assets of the arrangement. Strategic financial and operating decisions about the relevant activities of the joint arrangement require unanimous consent of the parties. Joint ventures are accounted for using the equity method.

Business combinations

The Corporation applies the acquisition method in accounting for business acquisitions. The consideration transferred by the Corporation to obtain control of a subsidiary is calculated as the sum of the fair values, at the acquisition date, of the assets transferred, liabilities incurred and equity interests issued by the Corporation, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Corporation recognizes identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have previously been recognized in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date estimated fair values.

Goodwill is measured at the acquisition date 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 the fair value) of the identifiable assets acquired and liabilities assumed. When the net result is negative, a bargain purchase gain is recognized immediately in net earnings.

Foreign currency translation

(i) Foreign currency transactions

Foreign currency transactions are initially recorded in the functional currency of the related entity (Note 2) using the exchange rate prevailing at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated using closing exchange rates. Any exchange rate differences are recognized in net earnings except for those relating to qualifying cash flow hedges, which are deferred under other comprehensive income ("OCI") in equity.

3 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Foreign operations

Assets and liabilities of foreign operations whose functional currency is other than the presentation currency (Note 2) are translated into US dollars using closing exchange rates. Revenues and expenses are translated using average exchange rates for the period. Foreign currency translation differences are recognized and presented under OCI in equity. The exchange rates used in the preparation of the consolidated financial statements were as follows:

	Year ended December 31,	
	2014	2013
Exchange rate	C$1.160 for US$1	C$1.064 for US$1
Average exchange rate	C$1.104 for US$1	C$1.030 for US$1

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 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.

Inventory

Inventory consists of finished goods and is valued at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated selling costs.

Incentives granted to customers

The Corporation provides cash, inventory and equipment incentives to certain customers as consideration for multi-year purchase commitments ("contracts"). These incentives are recorded at cost and are amortized, contract by contract, as a reduction of sales, on a straight-line basis over the lesser of the contract term or 48 months, corresponding to the average duration of the contracts. In the event that a customer breaches the commitment, the remaining unamortized book value of the incentive, net of liquidated damages to be received, is immediately recorded as other expenses in net earnings.

Property and equipment

Property and equipment is measured at its cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to acquiring the asset and preparing the asset for its intended use. The cost less residual value of the property and equipment is depreciated over the estimated useful lives in accordance with the following methods and periods:

	Methods	Periods
Paving	Diminishing balance	12 years
Buildings	Straight-line and diminishing balance	20 to 40 years
Furniture and equipment	Straight-line and diminishing balance	5 to 10 years
System software and automotive equipment	Diminishing balance	3 to 5 years
Computer equipment	Straight-line	5 years
Leasehold improvements	Straight-line	Lease term
Vehicles under finance leases	Straight-line	Lease term

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 attributable 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.

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 sales volume. They are measured at cost less accumulated impairment losses and are not amortized.

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 and periods:

	Methods	Periods
Customer relationships	Straight-line	4 to 20 years
Other software	Straight-line and diminishing balance	3 to 8 years

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

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is measured at cost less accumulated impairment losses and is not amortized.

Borrowing costs

Borrowing costs directly attributable to the development of the ERP software (i.e. qualifying asset) are capitalized as part of the cost of that intangible asset until it is substantially ready for its intended use. Otherwise, borrowing costs are recognized in net earnings using the effective interest method.

Impairment of 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. Intangible assets with indefinite lives, specifically the goodwill and trademarks, 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 groups 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 goodwill is monitored for internal reporting purposes.

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 assets' 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.

Leases

Leases in terms of which the Corporation assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition, assets acquired under finance leases are recorded in “Property and equipment” at the lower of the fair value of the asset and the present value of the minimum lease payments. A corresponding liability is recorded as a finance lease obligation within “Long-term debt”. In subsequent periods, the asset is depreciated over the lease term and interest on the obligation is recorded in “Finance costs, net” in the consolidated statements of earnings.

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.

Income taxes

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

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 reporting date for the years in which the temporary differences are expected to reverse. Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. Deferred tax liabilities are generally recognised in full, although IAS 12, “Income taxes” specifies limited exemptions. However, deferred taxes 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 taxes on temporary differences associated with investments in subsidiaries and joint ventures are not recognized if the reversal of these temporary differences can be controlled by the Corporation and it is improbable that reversal will occur in the foreseeable future.

Provisions

A provision is recognized if, as a result of a past event, 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. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period. The Corporation’s main provisions are related to restructuring charges, including site decommissioning costs, employee termination benefits and onerous lease obligations.

Restructuring charges are recognized when the Corporation has put in place a detailed restructuring plan which has been communicated in sufficient detail to create an obligation. Restructuring charges include only costs directly related to the restructuring plan, and are measured at the best estimate of the amount required to settle the Corporation’s obligations. Subsequent changes in the estimate of the obligation are recognized in the Corporation’s consolidated statements of earnings.

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 reliably estimated.

Stock-based compensation

Equity-settled common share stock option plan

The compensation expense is measured as the fair value at the grant date using the trinomial option pricing model, and is recognized over the vesting period, with a corresponding increase to contributed surplus within equity. Forfeitures and cancellations are estimated at the grant date, and subsequently reviewed at each reporting date. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions 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 conditions 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.

Cash-settled common share stock option plan

For cash-settled stock-based compensation, the fair value of the liability is measured as the number of units expected to vest multiplied by the fair value of one unit, which is based on the market price of the Corporation's common shares. The compensation expense and corresponding liability are recognized over the vesting period, if any, and are revalued at each reporting date until settlement, with any changes in the fair value of the liability recognized in net earnings.

Post-employment benefit obligations

Defined-contribution plans

Contributions to the plans are recognized as an expense in the period that employee services are rendered.

Defined benefit plans

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 value of future benefits that employees have earned in return for their service in the current and prior periods less 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 estimates of salary increases, retirement ages and mortality rates of members and discount rate;
- When the benefits of a plan are improved, the benefit relating to past service by employees is recognized immediately in net earnings;
- Remeasurements comprising of actuarial gains and losses, the effect of the limit of the asset, the effect of minimum funding requirements and the return on plan assets in excess of interest income are recognized immediately in OCI and retained earnings.

The current and past service costs related to the defined benefit pension plans is recorded within "Employee benefits". The net interest income or expense on the net asset or obligation is recorded within "Finance costs, net".

Financial instruments

(i) Non derivative financial instruments

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument. Financial assets and liabilities are initially measured at fair value plus transaction costs and their subsequent measurement depends on their classification. 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 on an active market. Cash, trade receivables, other investments and advance to merchant members are classified as loans and receivables. After initial recognition, these are measured at amortized cost using the effective interest method, less any impairment.
- Trade and other payables, dividends payable, long-term debt (except finance leases), 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 method.

3 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

All financial assets except for those measured at fair value through net earnings are subject to review for impairment at least at each reporting date. A financial asset is impaired if objective evidence indicates that an 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 reliably estimated. 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.

Derivative financial instruments and hedge accounting

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. At the inception of the hedge relationship and on an ongoing basis, the Corporation assesses if 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.

Cash flow hedges

Derivatives (interest rate swap agreements) are used to manage the floating interest rate of the Corporation's total debt portfolio and related overall borrowing cost. The Corporation does not use financial instruments for trading or speculative purposes. Derivatives are recognized initially at fair value and 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.

When a derivative is designated as a hedging instrument for a hedge of changes in cash flows attributable to a particular risk associated with a highly probable forecast transaction that could affect income, the effective portion of changes in the fair value of the derivative is recognized in OCI 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 OCI is removed and included in net earnings in the same period as the hedged cash flows affect net earnings, under the same line 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.

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 OCI and presented in accumulated changes in the fair value of derivative financial instrument designated as cash flow hedges remains in equity until the forecasted interest expense affects net earnings. If the forecasted interest expense is no longer expected to occur, then the balance in OCI is recognized immediately in net earnings. In other cases, the amount recognized in OCI is transferred to net earnings in the same period that the hedged item affects net earnings.

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 OCI 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 partial or on complete disposal. The Corporation elects to exclude from a partial disposal of a foreign operation the repayments of loans forming part of the net investment in a foreign operation.

Foreign exchange gains or losses arising on 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 OCI in the cumulative amount of foreign currency translation differences.

Accumulated other comprehensive income

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 the fair value of derivative financial instrument designated as cash flow hedge

The hedge 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 been settled.

Change in accounting policies

Adopted in 2014

Effective date – January 1, 2014

Financial instruments: Presentation

In December 2011, the International Accounting Standards Board ("IASB") 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 realization and settlement for applying the offsetting requirements. The Corporation has applied this amendment as of January 1, 2014, and this change had no impact on the Corporation's consolidated financial statements.

Financial instruments: Recognition and measurement

In June 2013, the IASB issued amendments to IAS 39 "Financial Instruments: Recognition and Measurement", permitting the continuation of hedge accounting in specific cases where a derivative instrument designed as a hedging instrument is novated to a derivative instrument cleared through a central counterparty in order to comply with local laws or regulations. The Corporation has applied this amendment as of January 1, 2014, and this change had no impact on the Corporation's consolidated financial statements.

Future accounting changes

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted earlier by the Corporation.

Information on new standards, amendments and interpretations that are expected to be relevant to the Corporation's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Corporation's consolidated financial statements.

Effective date – January 1, 2017 with earlier adoption permitted

Revenues from contracts with customers

In May 2014, the IASB and the Financial Accounting Standards Board ("FASB") jointly issued IFRS 15 "Revenues from contracts with customers", a converged standard on the recognition of revenue from contracts with customers. It supersedes the IASB's current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction Contracts", and related interpretations. IFRS 15 provides a single principle-based five-step model to use when accounting for revenue arising from contracts with customers. The Corporation has not yet assessed the impact of this standard or determined whether it will adopt it earlier.

Effective date – January 1, 2018 with earlier adoption permitted

Financial instruments

In July 2014, the IASB issued a complete and final version of IFRS 9 "Financial Instruments", replacing the current standard on financial instruments (IAS 39). IFRS 9 introduces a single, principle-based approach for the classification of financial assets, driven by the nature of cash flows and the business model in which an asset is held. IFRS 9 also provides guidance on an entity's own credit risk relating to financial liabilities and has modified the hedge accounting model to align the economics of risk management with its accounting treatment. The standard results in a single expected-loss impairment model rather than an incurred losses model. The Corporation has not yet assessed the impact of this standard or determined whether it will adopt it earlier.

4 - RESTRUCTURING AND OTHER CHARGES

The Corporation's Board of Directors approved, in 2013, an internal strategic and operational plan (the "Action Plan"), which complemented the distribution network consolidation plan announced in 2012. The Action Plan included the closure and rightsizing of certain stores and warehouses, as well as the addition of two new facilities, among other initiatives. The plan is expected to be completed by the end of the first semester of 2015.

As at December 31, 2014 and 2013, the variations in the provision for restructuring charges are detailed as follows:

	Year ended December 31,	
	2014	2013
Balance, beginning of year	**15,185**	4,392
Restructuring charges provisions recognized during the year [1]	**-**	17,642
Provision used during the year	**(8,716)**	(6,813)
Change in estimate [2]	**255**	-
Effects of fluctuations in exchange rates	**-**	(36)
Balance, end of year	**6,724**	15,185

[1] The Corporation recognized restructuring and other charges of $31,680 for the year ended December 31, 2013 related to site closure and consolidation costs, which included initiatives to liquidate redundant inventory of $10,423, site decommissioning costs of $4,966, employee termination benefits of $4,254, the recognition of future lease obligations of $8,422 and write-downs of certain assets to their net recoverable amount for $3,615. The Corporation also recorded a write-off of $3,500 in the value of certain software which will no longer be used in its operations. In 2013, the Corporation sold certain assets and liabilities of businesses operating in the Unites States and in Canada for a cash consideration of $6,555.

[2] In December 2014, the Corporation reviewed its remaining provisions and reflected the following changes of estimates: a partial reversal of write-down of certain assets of $2,528, an increase in the reserve for redundant inventory of $342 and a net increase of the provision for restructuring charges of $255. The net impact of these changes in estimates was recorded as a reduction of the "Restructuring and other charges" of $1,931 in the consolidated statements of earnings.

5 - FINANCE COSTS, NET

	Year ended December 31,	
	2014	2013
Interest on long-term debt	**7,110**	8,381
Interest on convertible debentures [1]	**2,766**	2,964
Accreted interest on convertible debentures [1]	**815**	439
Amortization of financing costs	**1,541**	1,541
Net interest expense on the long-term employee benefit obligations	**901**	1,096
Interest on merchant members' deposits in the guarantee fund and others	**139**	342
Reclassification of realized losses on derivative financial instruments designated as cash flow hedges to net earnings	**662**	1,214
Total finance costs	**13,934**	15,977
Interest income from merchant members and others	**(602)**	(323)
Total finance costs, net	**13,332**	15,654

[1] Refer to Note 18 for further details.

6 - DEPRECIATION AND AMORTIZATION

	Year ended December 31,	
	2014	2013
Depreciation of property and equipment	**13,622**	12,817
Amortization of intangible assets	**18,063**	16,480
Total depreciation and amortization	**31,685**	29,297

7 - INCOME TAXES

Income tax expense (recovery)

	Year ended December 31,	
	2014	2013
Current tax expense	**16,521**	4,627
Deferred tax recovery		
Origination and reversal of temporary differences	**(3,861)**	(10,968)
Increase in tax rate	**-**	(87)
	(3,861)	(11,055)
Total income tax expense (recovery)	**12,660**	(6,428)

Reconciliation of the income tax expense (recovery)

The following table presents a reconciliation of income taxes at the combined Canadian statutory income tax rates applicable in the jurisdictions in which the Corporation operates to the amount of reported income taxes in the consolidated statements of earnings:

	Year ended December 31,	
	2014	2013
Income taxes at the Corporation's statutory tax rate – 26.90% (26.90% in 2013)	**16,885**	4,008
Effect of tax rates in foreign jurisdictions	**3,445**	(2,464)
Tax benefit from a financing structure	**(8,253)**	(9,555)
Non-deductible expenses and others	**583**	1,583
Income tax expense (recovery) reported in the consolidated statements of earnings	**12,660**	(6,428)

7 - INCOME TAXES (CONTINUED)

Recognized deferred tax assets and liabilities

	December 31, 2014				
	Opening balance	Recognized in net earnings	Recognized in other comprehensive income	Effects of fluctuations in exchange rates	**Closing balance**
Non-capital loss carryforwards	17,362	3,720	-	(628)	**20,454**
Taxable income during the coming year	(5,355)	5,359	-	321	**325**
Provisions and accrued charges, deductible in future years	33,421	(4,487)	-	(24)	**28,910**
Property and equipment	(5,939)	(13,250)	-	176	**(19,013)**
Pension plan obligation	4,618	183	1,509	(478)	**5,832**
Financing costs	12	31	-	(2)	**41**
Cash flow hedges	255	-	(103)	(14)	**138**
Provision for performance incentives	983	(9)	-	(81)	**893**
Intangible assets and goodwill	(37,192)	14,298	-	78	**(22,816)**
Others	(838)	(1,984)	-	(5)	**(2,827)**
Income tax assets	7,327	3,861	1,406	(657)	**11,937**

	December 31, 2013				
	Opening balance	Recognized in net earnings	Recognized in other comprehensive income	Effects of fluctuations in exchange rates	Closing balance
Non-capital loss carryforwards	16,252	1,301	-	(191)	17,362
Taxable income during the coming year	(5,405)	(299)	-	349	(5,355)
Provisions and accrued charges, deductible in future years	19,008	14,445	-	(32)	33,421
Property and equipment	(15,368)	9,153	-	276	(5,939)
Pension plan obligation	6,292	254	(1,617)	(311)	4,618
Financing costs	(117)	124	-	5	12
Cash flow hedges	522	(341)	57	17	255
Provision for performance incentives	899	144	-	(60)	983
Intangible assets and goodwill	(23,854)	(13,384)	-	46	(37,192)
Convertible debentures	(453)	434	-	19	-
Others	(69)	(776)	-	7	(838)
Income tax assets (liabilities)	(2,293)	11,055	(1,560)	125	7,327

Consolidated statements of financial position presentation

	December 31,	
	2014	2013
Deferred tax assets	**13,502**	13,151
Deferred tax liabilities	**1,565**	5,824
	11,937	7,327

As of December 31, 2014, the Corporation has $10,177 of net capital losses carried forward for which deferred tax assets have not been recognized ($6,371 for 2013). Net capital losses can be carried forward indefinitely and can only be used against future capital gains. The unrecognized deferred tax assets related to capital tax losses carried forward amounted to $2,738 as at December 31, 2014 ($1,714 for 2013).

8 - EARNINGS PER SHARE

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

	Year ended December 31,	
	2014	2013
Net earnings attributable to shareholders considered for basic and diluted earnings per share	**50,125**	21,328
Weighted average number of common shares outstanding for basic earnings per share	**21,253,921**	21,411,277
Impact of the stock options [(1)]	**55,407**	-
Weighted average number of common shares outstanding for diluted earnings per share [(2)]	**21,309,328**	21,411,277
Earnings per share		
Basic	**2.36**	1.00
Diluted	**2.35**	1.00

[(1)] For the year ended December 31, 2014, 50,000 weighted average common shares issuable on the exercise of stock options (333,110 in 2013) were excluded from the calculation of diluted earnings per share as the exercise price of the options was higher than the average market price of the shares.

[(2)] For the year ended December 31, 2014, 1,239,224 weighted average common shares issuable on the conversion of convertible debentures (1,239,224 in 2013) were excluded from the calculation of diluted earnings per share as the conversion impact was anti-dilutive.

9 - INFORMATION INCLUDED IN CONSOLIDATED CASH FLOWS

The changes in working capital are detailed as follows:

	Year ended December 31,	
	2014	2013
Trade and other receivables	**(4,325)**	(19,536)
Inventory	**220**	(22,991)
Prepaid expenses	**(449)**	57
Provision for restructuring charges	**(8,716)**	(6,813)
Trade and other payables	**37,370**	45,651
Total changes in working capital	**24,100**	(3,632)

As at December 31, 2014, acquisitions of property and equipment and intangible assets of respectively $1,564 and $1,421 ($296 and nil as at December 31, 2013) remained unpaid and did not have an impact on cash.

10 - BUSINESS COMBINATIONS

During the year ended December 31, 2014, the Corporation acquired the assets and liabilities of 5 companies operating in the United States (3 companies in 2013) and acquired the shares of 1 company operating in Canada (nil in 2013) for a total cost of $29,788 ($1,467 in 2013) that was preliminarily allocated to the acquired assets and liabilities based on their fair value. Those companies were acquired in the normal course of business and the Corporation incurred $186 (nil in 2013) of acquisition costs. These acquisitions have contributed a total of $35,614 and $3,622 to sales and net earnings respectively.

As at December 31, 2014, the Corporation finalized the purchase price allocation of 4 companies acquired in the United States, which resulted in a reclassification of $970 between goodwill and customer relationships.

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

	December 31,
	2014
Trade and other receivables	**3,934**
Inventory	**9,032**
Property and equipment	**364**
Intangible assets	**5,090**
Goodwill [(1)]	**11,351**
Other non-current assets	**384**
Trade and other payables	**(367)**
Total cost	**29,788**
Balance of purchase price	**652**
Net disbursement	**29,136**

(1) Expected to be deductible for tax purposes.

For the year ended December 31, 2013, the fair value amounts recognized for the acquirees' assets and liabilities at the acquisition date were $1,214 for the current assets, $210 for the non-current assets, $7 for the current liabilities, and $50 for goodwill, which is expected to be deductible for tax purposes.

11 - 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:

(i) 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.

(ii) Preferred shares

The preferred shares, none of which are issued and outstanding, 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.

	December 31,	
	2014	2013
Issued and fully paid		
Balance, beginning of year (21,263,669 common shares (21,551,170 in 2013))	**87,271**	88,563
Issuance of 10,205 common shares on the exercise of stock options (nil in 2013)	**206**	-
Redemption of 58,115 common shares (287,501 in 2013)	**(239)**	(1,292)
Balance, end of year (21,215,759 common shares (21,263,669 in 2013))	**87,238**	87,271

Redemption of Common Shares

On July 31, 2014, the Corporation announced that it received approval from the TSX to renew its intention to purchase by way of a new normal course issuer bid ("NCIB"), for cancellation purposes, up to 250,000 common shares, representing 1.18% of its 21,257,969 issued and outstanding common shares as of July 30, 2014 over a twelve-month period beginning on August 11, 2014 and ending on August 10, 2015. In connection with the new NCIB, the Corporation established an Automatic Purchase Plan ("APP"), enabling itself to provide standard instructions regarding the redemption of common shares during self-imposed blackout periods. Such redemptions will be determined by the broker in its sole discretion based on the Corporation's parameters.

During the year ended December 31, 2014, the Corporation redeemed 58,115 (287,501 for 2013) common shares for a cash consideration of $1,448 ($6,408 in 2013) including a share redemption premium of $1,209 ($5,116 in 2013) applied as a reduction of retained earnings.

Dividends

A total of C$0.58 per common share was declared by the Corporation for the year ended December 31, 2014 (C$0.52 for 2013).

12 - TRADE AND OTHER RECEIVABLES

	December 31,	
	2014	2013
Trade receivables	**208,083**	205,993
Current portion of other investments and advances to merchant members (Note 13)	**16,827**	14,949
Total trade and other receivables	**224,910**	220,942

13 - EQUITY INVESTMENTS, OTHER INVESTMENTS AND ADVANCES TO MERCHANT MEMBERS

	December 31,	
	2014	2013
Interest in equity investments (joint ventures)	**8,900**	21,129
Incentives granted to customers	**21,475**	17,816
Shares of companies	**675**	722
Advances to merchant members [(1)]	**7,520**	12,137
Total equity investments, other investments and advances to merchant members	**38,570**	51,804
Current portion of other investments and advances to merchant members	**16,827**	14,949
Non-current portion of equity investments, other investments and advances to merchant members	**21,743**	36,855

(1) Interest rates varying between 0% and 10.25%, receivable in monthly instalments, maturing on various dates until 2020.

Interests in equity investments (joint ventures)

During the year ended December 31, 2014, the Corporation sold a partnership in an equity investment (joint venture) for a cash consideration of $10,381. In 2013, the Corporation sold a partnership for $1,858.

As at December 31, 2014 and 2013, the Corporation's proportionate shares of its interests in joint ventures were as follows:

	Year ended December 31,	
	2014	2013
Sales	**21,768**	20,507
Earnings before finance costs, depreciation and amortization and income taxes	**2,461**	1,844
Net earnings	**1,851**	1,381
Current assets	**7,649**	7,535
Non-current assets	**1,930**	1,913
Current liabilities	**2,934**	3,492
Non-current liabilities	**187**	383

14 - PROPERTY AND EQUIPMENT

	Land and paving	Buildings	Furniture and equipment	Computer equipment and system software	Automotive equipment	Leasehold improvements	**Total**
Balance, January 1, 2013	2,393	8,284	12,226	8,891	14,439	3,498	49,731
Additions	163	181	4,290	2,386	8,535	783	16,338
Acquisitions through business combinations	-	-	-	3	72	-	75
Disposals	(142)	(175)	(357)	(364)	(432)	(33)	(1,503)
Write-offs	-	(64)	(925)	(267)	-	(184)	(1,440)
Depreciation	(11)	(470)	(2,521)	(3,261)	(5,348)	(1,206)	(12,817)
Effects of fluctuations in exchange rates	(118)	(255)	(264)	(156)	(49)	(48)	(890)
Balance, December 31, 2013	2,285	7,501	12,449	7,232	17,217	2,810	49,494
Cost	2,556	15,427	40,520	27,871	34,572	10,586	131,532
Accumulated depreciation	(271)	(7,926)	(28,071)	(20,639)	(17,355)	(7,776)	(82,038)
Net book value, end of year 2013	2,285	7,501	12,449	7,232	17,217	2,810	49,494
Additions	650	695	3,581	2,087	6,581	3,604	17,198
Acquisitions through business combinations	-	-	98	6	260	-	364
Disposals	-	(6)	(168)	(168)	(464)	(316)	(1,122)
Depreciation	(10)	(436)	(2,480)	(3,644)	(6,102)	(950)	(13,622)
Effects of fluctuations in exchange rates	(173)	(249)	120	(6)	(46)	(34)	(388)
Balance, December 31, 2014	2,752	7,505	13,600	5,507	17,446	5,114	51,924
Cost	3,009	15,456	45,042	26,859	38,873	14,286	143,525
Accumulated depreciation	(257)	(7,951)	(31,442)	(21,352)	(21,427)	(9,172)	(91,601)
Net book value, end of year 2014	**2,752**	**7,505**	**13,600**	**5,507**	**17,446**	**5,114**	**51,924**

The carrying values of leased assets, which are presented under "Automotive equipment", were $15,745 as at December 31, 2014 ($14,876 as at December 31, 2013).

15 - INTANGIBLE ASSETS AND GOODWILL

	Intangible assets				Goodwill
	Trademarks	Customer relationships and others	Software [2]	**Total**	
Balance, January 1, 2013	8,650	62,203	82,719	153,572	187,081
Additions	-	67	5,125	5,192	-
Acquisitions through business combinations	-	135	-	135	50
Additions from internal development	-	-	3,005	3,005	-
Disposals	-	(150)	(21)	(171)	-
Write-offs	-	-	(3,500)	(3,500)	-
Amortization	-	(7,144)	(9,336)	(16,480)	-
Effect of fluctuations in exchange rates	-	(75)	(1,080)	(1,155)	(2,682)
Balance, December 31, 2013	8,650	55,036	76,912	140,598	184,449
Cost	8,650	76,642	102,654	187,946	184,449
Accumulated amortization	-	(21,606)	(25,742)	(47,348)	-
Net book value, end of year 2013	8,650	55,036	76,912	140,598	184,449
Additions	-	160	7,471	7,631	-
Acquisitions through business combinations	-	5,090	-	5,090	11,351
Disposals	-	-	(26)	(26)	-
Amortization	-	(7,653)	(10,410)	(18,063)	-
Effect of fluctuations in exchange rates	-	(85)	(1,589)	(1,674)	(3,304)
Balance, December 31, 2014	8,650	52,548	72,358	133,556	192,496
Cost	8,650	81,767	107,448	197,865	192,496
Accumulated amortization [1]	-	(29,219)	(35,090)	(64,309)	-
Net book value, end of year 2014	**8,650**	**52,548**	**72,358**	**133,556**	**192,496**

(1) The weighted average amortization period of the intangible assets with useful lives is 9 years for software and 7 years for customer relationships and others.

(2) As at December 31, 2014, software includes the capitalized portion of costs and the accumulated amortization, amounting to $75,199 and $18,538 respectively ($76,241 and $10,616 at December 31, 2013), related to the acquisition and internal development of an ERP which was implemented in 2013.

Impairment testing for cash-generating units containing goodwill and intangible assets with indefinite useful lives

For the purpose of impairment testing, goodwill and trademarks are allocated to the Corporation's two CGUs, Canada and United States, which represent the lowest level within the Corporation at which the goodwill and trademarks are 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 valuation consultants. The carrying amounts of the units were determined to be lower than their recoverable amounts and no impairment loss was recognized.

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 2014 was determined similarly as in 2013. 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 five-year business plan in both 2014 and 2013. Cash flows for a further five-year period were extrapolated using constant growth rates of 2.0% (2.0% in 2013) for both the Canadian operations and the US operations, which do not exceed the long-term average growth rates for the industry.
- Pre-tax discount rates of 14.3% (14.5% in 2013) for the Canadian operations and 16.8% (19.5% in 2013) for the US 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 4.1% (4.2% in 2013) for the Canadian operations and 3.3% (3.6% in 2013) for the US operations.

The key assumptions reflect Management's assessment of future trends in the automotive aftermarket 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.

16 - STOCK-BASED COMPENSATION

The Corporation's stock-based compensation plans include an equity-settled common share stock option plan, and cash-settled plans consisting of a deferred share unit plan and a performance share unit plan.

Common share stock option plan for management employees and officers

The Corporation has a common share stock option plan for management employees and officers (the "stock option plan") where a total of 1,700,000 shares have been reserved for issuance. Under the plan, the options are granted at the average closing price of the Corporation's common shares on the TSX for the five trading days preceding the grant date. Options granted vest over a period of three years plus one day following the date of issuance and are exercisable over a period of no greater than seven years.

For the year ended December 31, 2014, 203,243 options were granted to management employees and officers of the Corporation (298,338 for 2013), with an average exercise price of C$28.76 (C$22.90 in 2013). During the year, no options were forfeited or expired (37,515 for 2013) and 10,205 options were exercised (nil for 2013).

As at December 31, 2014, options granted for the issuance of 513,861 common shares (320,823 as at December 31, 2013) were outstanding under the Corporation's stock option plan, and 1,174,165 common shares (1,377,408 as at December 31, 2013) were reserved for additional options under the stock option plan.

A summary of the Corporation's stock option plan for the years ended December 31, 2014 and 2013 is presented as follows:

	2014		2013	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		C$		C$
Outstanding, beginning of year	**320,823**	**24.35**	60,000	30.63
Granted	**203,243**	**28.76**	298,338	22.90
Exercised	**(10,205)**	**22.90**	-	-
Forfeited	**-**	**-**	(37,515)	22.90
Outstanding, end of year	**513,861**	**26.12**	320,823	24.35
Exercisable, end of year	**231,018**	**26.20**	125,206	26.61

16 - STOCK BASED-COMPENSATION (CONTINUED)

The range of exercise prices, the weighted average exercise prices and the weighted average remaining contractual life of the Corporation's options are as follows:

					December 31, 2014
	Options outstanding			Options exercisable	
Exercisable price	**Number outstanding**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price**	**Number exercisable**	**Weighted average exercise price**
C$			**C$**		**C$**
26.70 – 31.42	**60,000**	**3.50**	**30.63**	**60,000**	**30.63**
22.90	**250,618**	**5.01**	**22.90**	**120,207**	**22.90**
28.76	**203,243**	**6.01**	**28.76**	**50,811**	**28.76**
	513,861	**5.23**	**26.12**	**231,018**	**26.20**

					December 31, 2013
	Options outstanding			Options exercisable	
Exercisable price	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable	Weighted average exercise price
C$			C$		C$
26.70 – 31.42	60,000	4.50	30.63	60,000	30.63
22.90	260,823	6.01	22.90	65,206	22.90
	320,823	5.72	24.35	125,206	26.61

For the year ended December 31, 2014, compensation expense of $1,092 ($940 for 2013) was recorded in the "Net earnings", with the corresponding amounts recorded in "Contributed surplus".

The fair value of the stock options granted on January 2, 2014 was determined using the Trinomial option pricing model. The assumptions used in the calculation of their fair value were as follows:

		2014	2013
Grant date fair value	C$	**28.76**	22.90
Dividend yield	%	**1.81**	1.66
Expected volatility	%	**25.67**	25.39
Forfeiture rate	%	**6.67**	5.55
Risk-free interest rate	%	**2.19**	1.61
Expected life	years	**6.99**	6.99
Exercise price	C$	**28.76**	22.90
Share price	C$	**28.76**	22.90

The expected volatility is estimated for each award tranche, taking into account the average historical volatility of the share price over the expected term of the options granted.

Deferred share unit plan

On February 28, 2013, the Corporation formally adopted its Deferred Share Unit Plan ("DSU Plan") for directors, officers, and management employees. Under the DSU Plan, the directors are required by the Board of Directors to receive a portion of their remuneration in the form of deferred share units ("DSUs") and at their discretion, they can make an election to receive an additional portion of, or all their remuneration in DSUs, subject to the Board of Directors' approval. The officers and management employees are required to make an election to receive a portion of their annual bonus under the short-term incentive plan ("Short-Term Bonus") in the form of DSUs if they do not meet the minimum share ownership guidelines ("SOG") adopted by the Board of Directors. An election to receive an additional portion or all their Short-Term Bonus in the form of DSUs could be made by the officers and management employees.

The DSUs are issued on the basis of the average closing price of the Corporation's common shares on the TSX for the five trading days preceding the date of issuance. DSUs are redeemed by the Corporation after the death, retirement or termination of a participant or in the event of a change in control. The participant is then entitled to receive in cash for each DSU, the DSU value calculated at the redemption date. A DSU compensation liability is recorded based on number of vested DSUs outstanding and period-end common share fair value. A DSU compensation expense is recorded based on the change in compensation liability.

For the year ended December 31, 2014, the Corporation granted 43,899 DSUs (34,976 DSUs for 2013) and redeemed 2,997 DSUs (1,839 for 2013). Compensation expense of $1,193 ($737 in 2013) was recorded during the year, and 85,495 DSUs were outstanding as at December 31, 2014 (44,593 as at December 31, 2013) for which the compensation liability was $2,009 ($944 as at December 31, 2013).

Performance share unit plan

On February 28, 2013, the Corporation formally adopted a performance share units ("PSUs") as part of its existing long-term incentive plan. Under the amended terms of the Long-Term Incentive Plan, certain management employees receive a portion of their annual incentives under the plan as a combination of common share stock options and performance share units ("PSUs"). The value of each PSU is equal to the average closing price of one common share of the Corporation listed on the TSX for the five consecutive trading days immediately preceding the day on which the value is to be determined ("PSU value"). PSUs vest at the end of a three-year period following the date of issuance, after death, retirement or in the event of a change of control ("redemption event"). The holder is entitled to receive in cash the PSU value for each PSU vested multiplied by a performance factor (which may vary from 0% to 180%) based on the achievement of selected financial targets. A PSU compensation liability is recorded for the vested PSUs based on the PSU value. A PSU compensation expense is recorded based in the change in compensation liability.

For the year ended December 31, 2014, the Corporation granted 92,419 PSUs (108,811 PSUs for 2013), 16,725 of which were subsequently forfeited or redeemed (12,071 in 2013). Compensation expense of $1,051 was recorded during the year ($720 in 2013), and 172,434 PSUs were outstanding as at December 31, 2014 (96,740 PSUs as at December 31, 2013) for which the compensation liability was $1,612 ($697 as at December 31, 2013).

17 - POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Corporation sponsors both defined benefit and defined-contribution pension plans. The defined benefit plans include a basic registered pension plan, a registered pension plan for senior management and a non-registered supplemental pension plan for certain members of senior management. The benefits under the Corporation's defined benefit plans are based on the years of service and the 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 the 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 plan was $2,307 for the year ended December 31, 2014 ($2,230 for 2013).

17 - POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

Defined benefit pension plans

An actuarial valuation of the defined benefit pension plans is obtained at least every three years.

The defined benefit plans expose the Corporation to actuarial risks such as longevity risk, currency risk, interest rate risk and investment risk. The present value of the defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan members. Longevity risk exists because an increase in the life expectancy of plan members will increase the plan obligation. A change in the valuation of the plans' foreign assets due to changes in foreign exchange rates exposes the plans to currency risk. A decrease in the bond interest rate used to calculate the present value of the defined benefit obligation will increase the plan obligation. This interest rate risk will be partially offset by an increase in return on the plans' fixed income funds. Investment risk occurs if the return on plan assets is lower than the corporate bond interest rate used to determine the discount rate.

Currently the plans have a balanced investment mix of 61.8% in equity funds, 25.3% in fixed income funds and 12.9% in other funds. Due to the long-term nature of plans' defined benefit obligations, the Corporation considers to be appropriate that a reasonable portion of the plans' assets should be invested in equity, fixed income and other funds to generate additional long-term return.

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

	2014		2013	
	Funded pension plans	**Non-funded pension plan**	Funded pension plans	Non-funded pension plan
Defined benefit obligations				
Balance, beginning of year	**43,177**	**9,119**	44,881	9,433
Current service cost	**2,314**	**359**	2,619	394
Employee contributions	**981**	**-**	1,025	-
Interest expense	**2,177**	**445**	2,029	410
Benefits paid	**(1,808)**	**(322)**	(1,880)	(388)
Remeasurement – actuarial losses from changes in demographic assumptions	**127**	**41**	1,576	323
Remeasurement – actuarial (gains) losses from changes in financial assumptions	**7,186**	**1,007**	(4,067)	(601)
Remeasurement – actuarial (gains) losses from experience adjustments	**(354)**	**(837)**	(125)	155
Effects of movements in exchange rates	**(4,085)**	**(787)**	(2,881)	(607)
Balance, end of year	**49,715**	**9,025**	43,177	9,119

	2014		2013	
	Funded pension plans	**Non-funded pension plan**	Funded pension plans	Non-funded pension plan
Plan assets				
Fair value, beginning of year	**35,233**	**-**	30,143	-
Interest income	**1,721**	**-**	1,343	-
Employer contributions	**2,786**	**-**	3,921	-
Employee contributions	**981**	**-**	1,025	-
Benefits paid	**(1,808)**	**-**	(1,880)	-
Administration fees	**(305)**	**-**	(339)	-
Return on plan assets (excluding amounts included in interest income)	**1,616**	**-**	3,161	-
Effects of movements in exchange rates	**(3,155)**	**-**	(2,141)	-
Fair value, end of year	**37,069**	**-**	35,233	-

	December 31,	
	2014	2013
	%	%
Components of plan assets		
Investments in equity funds	**61.8**	59.9
Investments in fixed income funds	**25.3**	22.8
Investments in other funds	**12.9**	17.3
	100.0	100.0

The net obligation is presented in "Long-term employee benefit obligations" in the consolidated statements of financial position.

	December 31,			
	2014		2013	
	Funded pension plans	**Non-funded pension plan**	Funded pension plans	Non-funded pension plan
Fair value of plan assets	**37,069**	**-**	35,233	-
Defined benefit obligations	**(49,715)**	**(9,025)**	(43,177)	(9,119)
Long-term employee benefit obligations	**(12,646)**	**(9,025)**	(7,944)	(9,119)

The expense for defined benefit plans recognized in "Employee benefits" in the consolidated statements of earnings is as follows:

	Year ended December 31,			
	2014		2013	
	Funded pension plans	**Non-funded pension plan**	Funded pension plans	Non-funded pension plan
Current service cost	**2,314**	**359**	2,619	394
Net interest expense	**456**	**445**	686	410
Administration fees	**305**	**-**	339	-
Defined benefit plans expense	**3,075**	**804**	3,644	804

Remeasurements of long-term employee benefit obligations recognized in OCI are as follows:

	Year ended December 31,			
	2014		2013	
	Funded pension plans	**Non-funded pension plan**	Funded pension plans	Non-funded pension plan
Actuarial losses from changes in demographic assumptions	**127**	**41**	1,576	323
Actuarial (gains) losses from changes in financial assumptions	**7,186**	**1,007**	(4,067)	(601)
Actuarial (gains) losses from changes in pension plan experience assumptions	**(354)**	**(837)**	(125)	155
Return on plan assets (excluding amounts included in interest income)	**(1,616)**	**-**	(3,161)	-
	5,343	**211**	(5,777)	(123)

17 - POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

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

		December 31,			
			2014		2013
		Funded pension plans	**Non-funded pension plan**	Funded pension plans	Non-funded pension plan
Discount rate	%	**4.05**	**4.05**	4.95	4.95
Rate of compensation increase	%	**3.50**	**3.50**	3.50	3.50
Average life expectancies					
Male, 45 years of age at reporting date	years	**87.6**	**87.6**	87.9	87.9
Female, 45 years of age at reporting date	years	**90.0**	**90.0**	89.5	89.5
Male, 65 years of age at reporting date	years	**86.5**	**86.5**	86.3	86.3
Female, 65 years of age at reporting date	years	**89.0**	**89.0**	88.5	88.5

For the year ended December 31, 2015, the Corporation expects to make contributions of approximately $2,748 for its defined benefit pension plans.

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, the rate of compensation increase and the average life expectancy. The calculation of the net defined benefit obligation is sensitive to these assumptions.

The following table summarises the effects of the changes in these actuarial assumptions on the defined benefit obligation:

	December 31,			
		2014		2013
	Funded pension plans	**Non-funded pension plan**	Funded pension plans	Non-funded pension plan
	%	**%**	%	%
Discount rate				
Increase of 1%	**(15.3)**	**(11.4)**	(14.5)	(10.7)
Decrease of 1%	**20.4**	**14.0**	18.9	13.0
Rate of compensation				
Increase of 0.5%	**2.3**	**0.5**	2.3	0.6
Decrease of 0.5%	**(2.2)**	**(0.5)**	(2.2)	(0.6)
Average life expectancies				
Increase of 10%	**2.0**	**1.9**	1.8	1.8
Decrease of 10%	**(1.9)**	**(1.8)**	(1.6)	(1.6)

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

Revolving credit facility

On October 15, 2014, the Corporation amended the terms of its $400,000 unsecured long-term revolving credit facility and extended its maturity to June 30, 2018. The Corporation benefits from reduced interest rate margins under the amended terms of the revolving credit facility. This facility is available in Canadian or US dollars and can be repaid at any time without penalty. The variable interest rates are based on the LIBOR in US dollars, bankers' acceptances and prime rates plus the applicable margins.

Letter of credit facility

On December 23, 2014, the Corporation signed an unsecured letter of credit facility maturing on June 30, 2016 with an authorized amount of $20,000. This facility is available for the issuance of Canadian and US dollars letters of credit. The variable interest rates are based on the LIBOR in US dollars, bankers' acceptances and prime rates plus the applicable margins. As at December 31, 2014, no amount had been drawn under this facility.

Long-term debt

	Maturity	Effective interest rate	**Current portion**	**December 31,**	
				2014	2013
Revolving credit facility, variable rates – $215,800 ($265,888 as at December 31, 2013) [(1)]	2018	1.62% to 4.20%	-	**199,551**	262,747
Finance leases, variable rates	-	-	**5,356**	**16,242**	14,930
Others	2020	-	**4**	**29**	38
			5,360	**215,822**	277,715
Instalments due within a year				**5,360**	4,550
Long-term debt				**210,462**	273,165

[(1)] As at December 31, 2014, a principal amount of $135,981 of the revolving facility has been designated as a hedge of net investments in foreign operations ($265,888 in 2013). Refer to Note 20 for further details.

Convertible debentures

In January 2011, the Corporation issued convertible unsecured subordinated debentures which bear interest at a rate of 5.90% per annum, payable semi-annually on January 31 and July 31 of each year. The debentures are convertible at the option of the holder 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 have a January 31, 2016 maturity date 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.

In December 2014, the Corporation announced the redemption for cancellation, at par, of C$51,750 aggregate principal amount of the convertible debentures in accordance with the terms established at the issuance of the debentures. As a result of the change in the estimated cash flows, an additional charge of $784 for accretion and amortization of financing costs was recorded in the year ended December 31, 2014. The effective annual interest rate is 8.16%. On February 1st, 2015, the Corporation redeemed its convertible debentures.

The table below indicates the movement in the liability component:

	2014	2013
Balance, beginning of year	**46,829**	49,099
Accreted interest	**815**	439
Amortization of financing costs	**800**	431
Effects of fluctuations in exchange rates	**(3,919)**	(3,140)
	44,525	46,829
Instalments due within a year	**44,525**	-
Balance, end of year	**-**	46,829

Letter of credits

As at December 31, 2014, letters of credit totalling $13,013 ($13,720 in 2013) have been issued under the Corporation's long-term revolving facility. These letters of credit have been issued to guarantee the payments of certain employee benefits and certain inventory purchases by subsidiaries. The letters of credit are not recorded as liabilities in the Corporation's long-term debt as the related guarantees have been recorded directly in the Corporation's consolidated statements of financial position, if applicable.

Minimum future payments

Principal repayments due on long-term debt and convertible debentures, excluding finance leases, are presented as follows:

	2015	2016	2017	2018	2019	Thereafter
	44,529	5	5	199,555	5	6

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

	December 31,
	2014
Less than one year	**5,356**
Between one and five years	**10,886**
More than five years	**-**
Total present value of minimum lease payments	**16,242**

19 - MERCHANT MEMBERS' DEPOSITS IN THE GUARANTEE FUND

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 member's purchase volume, and bear interest at the prime rate less 1%. As at December 31, 2014, the interest rate in effect was 2% (2% at December 31, 2013). The variation in deposits is as follows:

	December 31,	
	2014	2013
Total merchant members' deposits in the guarantee fund	**6,496**	7,105
Instalments due within one year	**108**	117
Non-current portion of the merchant members' deposits in the guarantee fund	**6,388**	6,988

20 - FINANCIAL INSTRUMENTS

The classification of financial instruments as well as their carrying amounts and fair values, are summarized as follows:

		December 31, 2014			December 31, 2013	
		Carrying amount	Fair value		Carrying amount	Fair value
Financial assets classified as loans and receivables						
Cash	**Level 1**	**107**	**107**	Level 1	57	57
Trade receivables	**Level 1**	**208,083**	**208,083**	Level 1	205,993	205,993
Shares of companies	**Level 3**	**675**	**675**	Level 3	722	722
Advances to merchant members	**Level 3**	**7,520**	**7,520**	Level 3	12,137	12,137
Financial liabilities carried at amortized cost						
Trade and other payables	**Level 2**	**348,282**	**348,282**	Level 2	315,563	315,563
Dividend payables	**Level 1**	**2,743**	**2,743**	Level 1	2,598	2,598
Long-term debt (except finance leases)	**Level 2**	**199,580**	**199,580**	Level 2	262,785	262,785
Convertible debentures	**Level 1**	**44,525**	**43,557**	Level 1	46,829	49,577
Merchant members' deposits in the guarantee fund	**Level 3**	**6,496**	**n/a**	Level 3	7,105	n/a
Financial liabilities carried at fair value						
Derivative financial instruments	**Level 2**	**511**	**511**	Level 2	890	890
Other liabilities						
Finance leases	**Level 2**	**16,242**	**16,242**	Level 2	14,930	14,930

Financial assets classified as loans and receivables
The fair value of the cash and trade receivables approximate their carrying amount given that they will mature shortly.

The fair value of the shares of companies and advances to merchant members was determined based on discounted cash flows using effective interest rates available to the Corporation at the end of the reporting period for similar instruments.

Financial liabilities carried at amortized cost
The fair value of the trade and other payables, and dividends payable approximate their carrying amount given that they will mature shortly.

The fair value of the long-term debt (except finance leases) has been determined by calculating the present value of the interest rate spread that exists between the actual credit facilities and the rate that would be negotiated with the economic conditions at the reporting date. As at December 31, 2014, the fair value of long-term debt approximates its carrying value as the effective interest rates applicable to the Corporation's credit facilities reflect current market conditions.

The fair value of the convertible debentures, as set out above, was determined using their bid price at the end of the year.

The fair value of the merchant members' deposits in the guarantee fund could not be determined given that they result from transactions not observable in the market.

Financial liabilities carried at fair value
The fair value of the interest rate swaps was determined using quoted prices for similar assets or liabilities.

Other liabilities
The fair value of the finance leases has been determined by calculating the present value of the interest rate spread that exists between the actual credit facilities and the rate that would be negotiated with the economic conditions at the reporting date. As at December 31, 2014, the fair value of the finance leases approximates their carrying value as the effective interest rates applicable to the Corporation's finance leases reflect current market conditions.

20 - FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

Financial instruments measured at fair value in the statements of financial position are classified according to the following hierarchy:

Level 1: consists of measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: consists of measurement techniques mainly based on inputs, other than quoted prices (included within Level 1), that are observable either directly or indirectly in the market, and;

Level 3: consists of measurement techniques that are not mainly based on observable market data.

Derivative financial instruments used in cash flow hedges

In 2011, the Corporation entered into swap agreements to hedge the variable interest cash flows related to forecasting transactions beginning in 2012 on a portion of the Corporation's revolving credit for a nominal amount at inception and as at December 31, 2014 of $80,000. These interest rate swaps 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 fair values of the interest rate swaps are calculated using quotes for similar instruments at the reporting date.

Risk management 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.

(i) 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, trade and other receivables and advances to merchant members. No account represents more than 5% of total accounts receivable. In order to manage its risk, specified credit limits are determined for certain accounts and reviewed regularly by the Corporation.

The Corporation holds in guarantee some personal property and some assets of certain customers. Those customers are also required to contribute to a fund to guarantee a portion of their amounts due to the Corporation. The financial condition of customers is examined regularly and monthly analyses are reviewed 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 amounts have had a negative impact on the Corporation's net earnings with the average bad debt on sales rate at 0.1% for the last three years.

As at December 31, 2014, past-due accounts receivable represent $16,787 ($14,957 as at December 31, 2013) and an allowance for doubtful accounts of $4,798 ($5,059 as at December 31, 2013) is provided. 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 variations in the allowance for doubtful accounts are as follows:

	2014	2013
Balance, beginning of year	**5,059**	4,732
Bad-debt expense	**3,032**	1,679
Write-offs	**(3,239)**	(1,292)
Currency translation adjustment	**(54)**	(60)
Balance, ending of year	**4,798**	5,059

Management considers that all of the above financial assets, that are not impaired or past due for each December 31 reporting dates under review, are of good credit quality.

20 - FINANCIAL INSTRUMENTS (CONTINUED)

(ii) 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 through its use of different capital markets in order to ensure flexibility in its capital structure. The Corporation prepares budget and cash forecasts, taking into account its current and future cash requirements, to ensure that it has sufficient funds to meet its obligations.

The Corporation has renewable revolving credit and letter of credit facilities totalling $400,000 and $20,000 respectively as at December 31, 2014 ($400,000 and nil as at December 31, 2013). Refer to Note 18 for further details. The Corporation benefits from available amount on its credit facilities of approximately $191,000 as at December 31, 2014 ($120,000 as at December 31, 2013).

Management is of the opinion that as a result of the cash flows generated by operations and the financial resources available, the liquidity risk of the Corporation is appropriately mitigated.

The contractual maturities and estimated future interest payments of the Corporation's financial liabilities are as follows:

				December 31, 2014
	Carrying amount	**Maturing under one year**	**One to three years**	**Over three years**
Non-derivative financial instruments				
Trade and other payables	**347,009**	**347,009**	**-**	**-**
Dividends payable	**2,743**	**2,743**	**-**	**-**
Long-term debt (except finance leases)	**199,580**	**4**	**199,565**	**11**
Convertible debentures	**44,525**	**45,841**	**-**	**-**
Interest payable	**1,273**	**1,273**	**-**	**-**
Merchant members' deposits in the guarantee fund	**6,496**	**108**	**-**	**6,388**
	601,626	**396,978**	**199,565**	**6,399**
Derivative financial instruments used for hedging	**511**	**-**	**511**	**-**
	602,137	**396,978**	**200,076**	**6,399**

				December 31, 2013
	Carrying amount	**Maturing under one year**	**One to three years**	**Over three years**
Non-derivative financial instruments				
Trade and other payables	314,219	314,219	-	-
Dividends payable	2,598	2,598	-	-
Long-term debt (except finance leases)	262,785	5	262,780	-
Convertible debentures	46,829	2,869	52,937	-
Interest payable	1,344	1,344	-	-
Merchant members' deposits in the guarantee fund	7,105	117	-	6,988
	634,880	321,152	315,717	6,988
Derivative financial instruments used for hedging	890	-	890	-
	635,770	321,152	316,607	6,988

(iii) Foreign exchange risk

The Corporation is exposed to foreign exchange risk on its financial instruments mainly due to purchases in currencies other than the respective functional currencies of the Corporation. Management considers that fluctuations in the relative values of the US dollar and the Canadian dollar will not have a material impact on net earnings.

The Corporation has certain investments in foreign operations (United States) 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).

(iv) 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 and by concluding swap agreements to exchange variable rates for fixed rates. As at December 31, 2014, including the impact of interest rate swap agreements and convertible debentures, the fixed rate portion of financial debt represents approximately 48% (39% in 2013).

For the year ended December 31, 2014, a 25-basis-point rise or fall in interest rates, assuming that all other variables remain the same, would have resulted in a $304 increase or decrease in the Corporation's net earnings, and a $157 increase or decrease in OCI. These changes are considered to be reasonably possible based on an observation of current market conditions.

21 - ACCUMULATED OTHER COMPREHENSIVE INCOME

	Cumulative translation account	Unrealized exchange gains (losses) on the translation of debt designated as a hedge of net investments in foreign operations	Accumulated changes in fair value of derivative financial instruments designated as cash flow hedges	Total
Balance, beginning of year	530	9,500	(1,369)	8,661
Other comprehensive income (loss)	11,920	(17,550)	718	(4,912)
Balance, December 31, 2013	12,450	(8,050)	(651)	3,749
Other comprehensive income (loss)	11,450	(22,326)	277	(10,599)
Balance, December 31, 2014	**23,900**	**(30,376)**	**(374)**	**(6,850)**

22 - COMMITMENTS AND GUARANTEES

Commitments

The Corporation has entered into long-term operating lease agreements expiring at various dates until 2025 for the rental of buildings and vehicles, and outsourcing of information technology services. The rent expense recorded in the consolidated statements of earnings was $30,355 for the year ended December 31, 2014 ($34,689 for 2013). The committed minimum lease payments under these agreements are as follows:

	December 31,
	2014
Less than one year	**36,839**
Between one and five years	**84,569**
More than five years	**14,413**
Total minimum lease payments	**135,821**

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.

Guarantees

Under inventory repurchase agreements, the Corporation has made commitments to financial institutions to repurchase inventory from some of its customers at rates of 60% or 75% of the cost of the inventory for a maximum of $56,481 as at December 31, 2014 (at rates varying from 60% to 80% and for a maximum of $65,887 as at December 31, 2013). 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 are being absorbed is low as the value of the assets held in guarantee is greater than the Corporation's financial obligations.

23 - RELATED PARTIES

For the years ended December 31, 2014 and 2013, common 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, 2014 and 2013, the compensation to key management personnel was as follows:

	Year ended December 31,	
	2014	2013
Salaries and short-term employee benefits	**5,433**	5,007
Post-employment benefits (including contributions to defined benefit pension plans)	**547**	574
Stock-based benefits	**2,195**	2,153
Total compensation	**8,175**	7,734

There were no other related party transactions with key management personnel for the years ended December 31, 2014 and 2013.

Other transactions

For the year ended December 31, 2014, the Corporation incurred rental expenses of $3,007 ($3,429 for 2013) to the benefit of Clarit Realty, Ltd., a company controlled by a related party. The associated lease payments were concluded in the Corporation's normal course of business for various terms of no more than five years.

24 - CAPITAL MANAGEMENT

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

- Maintain a total net debt to total net debt and total equity of less than 45%;
- Maintain a long-term debt to total equity ratio of less than 125%;
- Provide shareholders with growth in the value of their shares by maintaining a return on average total equity of at least 9% greater than the risk-free interest rate on a long-term basis;
- Pay an annual dividend representing approximately 20% to 25% of the previous year net earnings excluding certain adjustments, among other things, the non-capitalizable costs related to the development and implementation of the ERP system, costs related to the closure and disposal of stores, as well as restructuring and other charges (the "other adjustments"); and
- Maintain a maximum funded debt on net earnings excluding finance costs, depreciation and amortization, equity income and income taxes ratio of 3.50.

In the management of capital, the Corporation includes total equity, convertible debentures, long-term debt, 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 share redemption for cancellation program pursuant to normal course issuer bids and flexible credit facilities 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 to total net debt and total equity, long-term debt to total equity ratio, return on average total equity ratio and funded debt on net earnings excluding finance costs, depreciation and amortization, equity income and income taxes ratio.

The indicators used by the Corporation are as follows:

	December 31,	
	2014	2013
Total net debt to total net debt and total equity ratio	**33.7%**	34.1%
Long-term debt to total equity ratio	**50.8%**	51.9%
Return on average total equity ratio	**10.0%**	4.4%
Funded debt on net earnings excluding finance costs, depreciation and amortization, equity income and income taxes ratio	**2.47**	3.01

The interest rate applicable on the revolving credit facility is contingent on the achievement of certain financial ratios such as funded debt on net earnings excluding finance costs, depreciation and amortization, equity income and income taxes ratio, and total net debt to total net debt and total equity, which are the same ratios the Corporation is required to comply with. The Corporation was in compliance with these covenants as at December 31, 2014. The Corporation's overall strategy with respect to capital risk management remains unchanged from the prior year.

25 - GEOGRAPHIC INFORMATION

The Corporation assesses segment performance using net earnings excluding finance costs, depreciation and amortization, equity income, income taxes and other adjustments (Note 24). The Corporation considers its distribution of replacement parts, equipment, tools and accessories and paint and related products for motor vehicles as a single operating segment. The Corporation operates in Canada and the United States. The primary financial information per geographic location is as follows:

	Year ended December 31,	
	2014	2013
Sales		
United States	**1,304,692**	1,294,115
Canada	**479,667**	493,970
Total	**1,784,359**	1,788,085

	December 31, 2014		
	United States	**Canada**	**Total**
Property and equipment	**38,390**	**13,534**	**51,924**
Intangible assets	**119,012**	**14,544**	**133,556**
Goodwill	**155,470**	**37,026**	**192,496**

	December 31, 2013		
	United States	Canada	Total
Property and equipment	36,674	12,820	49,494
Intangible assets	124,544	16,054	140,598
Goodwill	144,807	39,642	184,449

26 - SUBSEQUENT EVENT

On February 9, 2015, the Corporation entered into an agreement for the sale of substantially all of the assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. for cash proceeds of approximately $340,000. In the first quarter of 2015, the Corporation expects to incur an estimated after-tax loss ranging from $80,000 to $100,000 in connection with the sale of the net assets of the business activities and other related charges of which approximately $20,000 in cash outlays are expected to be required. The loss will reflect transaction-related costs, termination of service contracts, restructuring charges, write-down of intangibles (mostly IT systems) and write-down of a portion of the goodwill. This transaction is expected to close during the first half of 2015 and is subject to customary closing conditions, including obtaining regulatory approvals.

Historical financial information

Years ended December 31
(in millions of US dollars, except per share amounts and percentages)

	2014	2013	2012 [4]	2011	2010
OPERATING RESULTS					
Sales	**1,784.4**	1,788.1	1,797.6	1,780.6	1,285.4
EBITDA [1]	**105.5**	57.2	68.6	97.8	75.1
Adjusted EBITDA [1][2]	**111.4**	101.2	94.8	105.8	80.6
Restructuring and other charges	**(1.9)**	35.2	18.5	3.3	-
Net earnings	**50.1**	21.3	29.4	53.9	44.2
Adjusted earnings [2]	**55.3**	50.7	45.9	57.8	48.5
Free cash flows	**83.6**	72.4	57.3	66.6	43.7
COMMON SHARE DATA					
Net earnings	**2.36**	1.00	1.36	2.49	2.24
Adjusted earnings	**2.60**	2.37	2.12	2.67	2.46
Dividend (C$)	**0.58**	0.52	0.52	0.48	0.47
Book value per share	**24.18**	22.99	22.47	21.47	19.38
Number of shares outstanding	**21,215,759**	21,263,669	21,551,170	21,636,767	19,707,637
Weighted average number of outstanding shares	**21,253,921**	21,411,277	21,623,300	21,645,664	19,716,731
FINANCIAL POSITION					
Working capital	**343.9**	417.5	436.0	491.1	371.9
Total assets	**1,190.3**	1,205.9	1,202.7	1,239.2	805.5
Total net debt [3]	**260.2**	277.7	309.3	351.7	182.0
Total equity	**513.0**	488.8	484.2	464.6	382.0
Adjusted return on average total equity	**10.9%**	9.8%	8.7%	12.3%	12.2%
Long-term debt to total equity ratio	**50.8%**	51.9%	58.0%	68.9%	46.8%
Total net debt to total net debt and equity ratio	**33.7%**	34.1%	36.7%	40.7%	32.3%

(1) EBITDA represents net earnings excluding finance costs, depreciation and amortization, equity income and income taxes. *(Refer to the "Non-IFRS financial measures" section for further details.)*

(2) EBITDA and net earnings have been adjusted for costs that the Corporation views as uncharacteristic of normal operations. These costs are therefore excluded to provide comparable measures. *(Refer to the ''Non-IFRS financial measures'' section for further details.)*

(3) Total net debt in 2014 includes the reclassification of the convertible debentures for an amount of $44.5 million.

(4) 2012 has been restated to take into account the changes in accounting policies as per IFRS 11 – "Joint Arrangements" and as per the amended IAS 19 – "Employee Benefits". However, as the obligation to restate the financial statements bearing only the preceding comparative year, 2012 in this case, 2011 and prior years have not been restated. *(Refer to note 4 of the 2013 consolidated financial statements for further details.)*

Board of Directors and Officers

BOARD OF DIRECTORS

Robert Chevrier, FCPA, FCA [1,2]
Chair of the Board
Corporate Director
Montréal, Québec

James E. Buzzard, AAP [2,4]
President
Clarit Realty, Ltd.
Lakewood Ranch, Florida

André Courville, FCPA, FCA [3]
Corporate Director
Montréal, Québec

Patricia Curadeau-Grou [3,4]
Strategic Advisor to the President
and Chief Executive Officer
National Bank of Canada
Outremont, Québec

Jean Dulac, MBA, CHRP, ADM.A. [4]
President
M&M Nord Ouest Inc.
Amos, Québec

John A. Hanna, FCPA, FCGA [2,3]
Corporate Director
Toronto, Ontario

Richard L. Keister [2,4]
Corporate Director
Hollywood, Florida

Richard G. Roy, FCPA FCA
President and Chief Executive Officer
Uni-Select Inc.
Verchères, Québec

Dennis M. Welvaert, MBA, MAAP [2,4]
Chair of the Board
Uni-Select USA, Inc.
Corporate Director
Tulsa, Oklahoma

OFFICERS

Richard G. Roy, FCPA, FCA [5]
President and Chief Executive Officer

Guy Archambault, P. Eng.
Vice President, Corporate Development

Steven J. Arndt [5]
President and Chief Operating Officer, FinishMaster, Inc.

Henry Buckley, MBA [5]
Chief Operating Officer

Robert Buzzard
Vice President, Information Technology

Annie Hotte [5]
Vice President, Human Resources

Me Louis Juneau [5]
Vice President, Legal Affairs and Secretary

Martin Labrecque, CPA, CMA
Vice President, Finance & Control

Michel Laverdure
Vice President, Corporate Purchasing

Denis Mathieu, CPA, CA, MBA [5]
Executive Vice President, Corporate Services and Chief Financial Officer

Gary O'Connor, MBA [5]
President and Chief Operating Officer, Automotive Canada

Jean Rivard, MBA
Vice President, Special Projects and Vice President and General Manager, Beck/Arnley Worlparts, Inc.

Anthony Brent Windom, MAAP [5]
President and Chief Operating Officer, Automotive USA

1 Mr. Chevrier is an ex officio member of the Human Resources and Compensation Committee and of the Audit Committee.

2 Member of the Corporate Governance Committee, chaired by Mr. Chevrier.

3 Member of the Audit Committee, chaired by Mr. Hanna.

4 Member of the Human Resources and Compensation Committee, chaired by Mrs. Curadeau-Grou.

5 Member of the Executive Management Committee

Shareholder and Investor Information

Uni-Select Shares
Traded on the Toronto Stock Exchange (TSX) under the symbol "UNS".

Transfert Agent
Computershare Trust Company of Canada
1500 University, Suite 700
Montréal QC H3A 3S8
514 982.7555 or 1 800 564.6253
service@computershare.com
computershare.com

Filings
The Corporation files all mandatory information with Canadian Securities Commissions.
sedar.com

Auditors
Raymond Chabot Grant Thornton LLP

Legal Counsel
McCarthy Tétrault LLP

Bankers
National Bank of Canada
Royal Bank of Canada, N.A.
Bank of America
Bank of Montreal
Caisse Centrale Desjardins du Québec
JPMorgan Chase Bank, N.A.
M&T Bank
Laurentian Bank of Canada

Dividends
On February 12, 2015, the Board of Directors declared a quarterly dividend of C$0.15 per share payable on April 21, 2015 to shareholders of record at March 31, 2015.

In the first quarter of 2014, the Corporation declared a quarterly dividend of C$0.13 per share and thereafter, the Corporation declared quarterly dividends of C$0.15 per share in 2014. In 2013, the Corporation declared quarterly dividends of C$0.13 per share. The Corporation's practice is to declare quarterly dividends, subject to profitability, liquidity requirements to finance growth, the general financial health of the Corporation and other factors determined by the Board of Directors from time to time.

All dividends paid by the Corporation in 2014 and, unless otherwise indicated, all dividends to be paid by the Corporation subsequent to 2014, are designated as eligible dividends for tax purposes. The Corporation does not have a dividend reinvestment plan.

Annual General Meeting of Shareholders
April 30, 2015 at 1:30 PM
Sandman Hotel Montreal-Longueuil
999 De Sérigny Rd
Longueuil QC

Head Office
170 Industriel Blvd.
Boucherville QC J4B 2X3
450 641.2440
questions@uniselect.com
uniselect.com

Investor Relations
450 641.6972
investorrelations@uniselect.com

Ethics Line
As part of the Audit Committee whistle blower procedures, this hotline allows team members and others to anonymously and confidentially raise accounting, internal controls and ethical inquiries or complaints.

1 855.650.0998
whistleblower@uniselect.com

Trademarks
Trademarks and/or registered trademarks of Uni-Select Inc. and/or its subsidiaries include but are not limited to Uni-Select, Uni-Sélect, Auto Extra, Auto Parts Plus, Auto-Plus, Auto-Select, Auto Service Plus, Beck/Arnley, Bumper to Bumper, Cooling Depot, Mäktig, ProColor, Select AutoXpert, SmartLink, Uni-Pro and Worldparts. All other brands and product names are trademarks or registered trademarks of their respective owners. All logos, tradenames and trademarks referred to and used herein remain the property of their respective owners and may not be used, changed, copied, altered, or quoted without the written consent of the respective owner. All rights reserved.

This annual report is also available for download at **uniselect.com**.

Pour obtenir une version française du rapport annuel, veuillez communiquer avec les Relations aux investisseurs.

uniselect.com