



2009 ANNUAL REPORT
A HEALTHY GROUP

HEALTH





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A HEALTHY GROUP


PHARMACISTS, OWNERS, AND ENTREPRENEURS

Over the years and in the past few years in particular, the whole retail pharmacy industry has changed significantly. We have lost count of all the issues that have contributed to its transformation.

Whether it is more women entering the profession, the ever-increasing number of pharmacies, or heightened competition in the progressively larger commercial sections, we are experiencing not just evolution, but a full-fledged "revolution"!

More and more, the various banners are clearly positioning themselves in the minds of consumers. And marketing communications strategies are used in all areas of our activities. We even use them to recruit new talent!




Normand Bonin
Chairman of the Board


François Castonguay
President and CEO

ENTREPRENEURIAL PROFILE

Today more than ever before, students in their first year of pharmacy school must think about what direction they want their careers to take.

Once they decide to be pharmacists in a community setting, they must narrow their decision based on a number of variables: owner or employee? In a corporate group or not? If working independently, with or without an affiliation?

There is also another very interesting option, which allows pharmacists who are attracted to both the pharmacy and the activities of nearby commercial entities to become shareholders in their volume-purchasing group.

Uniprix has used this successful formula since 1977.

The main feature of the formula is that 100% of our shareholders are pharmacists, owners, and entrepreneurs.

A QUESTION OF FIBER

As first-level stakeholders in the retail pharmacy industry, we obviously have a great deal of respect for the various business models and the different ways pharmacists choose to exercise their profession. But this does not keep us from having a preference!

It is essential for every pharmacist in Quebec to be able to practice in the setting that is most suitable for him or her. It is also essential—to ensure synergy and success—for professionals to come together based on practice affinities.

The Uniprix Group has always brought together men and women who are at once pharmacists, owners, and entrepreneurs. This is a fundamental concept at Uniprix because it means our shareholders share common values.

AN IMPRESSIVE YEAR!

It is more than evident that the Uniprix Group is “healthy”!

In addition to bringing together professionals who help people of all ages make the best of their health, our company is very sound financially.

Over the past 32 years, our volume-purchasing group has weathered a number of challenges that could have gotten the better of the Uniprix Group, according to some rumors. But in fact the opposite occurred: The shareholders stuck together at all times and put the group's interests before their own.

The result is that today we boast 375 affiliated pharmacies under the Clinique Santé, Uniclinique, Unipharm, and Uniprix banners. And our future is bright because, as of 2009, with the support of our solid partner McKesson Canada, we are even better equipped to stand out in all our markets, in every corner of Quebec, with the most comprehensive line of products and services in Quebec's retail pharmacy industry.

Those who read the Uniprix Group's annual reports year after year are used to hearing of one record after the next being broken. And this annual report will be no exception—quite the opposite!

Not only should readers appreciate that our net income blew the most optimistic forecasts out of the water, but they must also consider the range of services that were provided in many forms by headquarters to our shareholders. They pocketed very substantial profits and benefited from an abundance of services which, in total, largely exceeded their annual contribution.

Uniprix management is especially proud to present the results in this annual report. They are a result of strategic decisions by the board of directors that were made real through the daily work of your incredible team at headquarters.

AND NOW—THE FUTURE!

It is clear that the advisory role played by community pharmacists and those surrounding them is becoming increasingly important in Quebec. We must take the initiative to ensure we not only have a complete range of products and services but that they are also original and meet expectations.

We are optimistically planning the future because we are convinced that our momentum over the past few years shows that “the best is yet to come.”

In the coming year, many new affiliates of Uniprix, Clinique Santé, Unipharm, and Uniclinique will join the Uniprix Group, both new pharmacies and those arriving from the competition because our business model is better suited to independent pharmacists. Other plans are also in the works to pursue our continued growth.

Happy reading!

“We are optimistically planning the future because our momentum confirms that the best is yet to come!”



"The Uniprix Group has always brought together men and women who are at once pharmacists, owners, and entrepreneurs. This is a fundamental concept at Uniprix because it means our shareholders share common values."





A RECORD YEAR!

NUMBERS THAT SPEAK FOR THEMSELVES!

Here is a snapshot of the Uniprix Group's main economic performance indicators for 2009:

	2009	2008	Change
Revenue	112,726	98,755	14%
Net income	9,539	3,139	204%
Retained earnings	31,915	22,587	41%
EBITDA	18,834	10,114	86%

A MATTER OF TRUST

The difference between "success" and "tremendous success" often depends on a very simple notion: trust. And trust is at the heart of Isabelle and Marie-Noëlle Minville's success in Mont-Joli.

Interested in owning a single pharmacy, the Minville sisters instead acquired two very large ones!

Marie-Noëlle explains, "After analyzing the various business models for retail pharmacies in Quebec, my sister and I fell head over heels for Uniprix! And, as the French saying goes, she who weds her husband's country, except in this case, we left our respective homes to move to the city where our two pharmacies were located."

"We markedly exceeded forecasts during the first years due to the mutual trust that was quickly established between my sister and me and the Uniprix Group team," adds Isabelle. "The more we built on the expertise of the many human resources available to us, the more the results showed. And the more satisfied we became, the bigger the challenges that were thrown our way. We definitely could not have learned about entrepreneurial life in a better environment!"

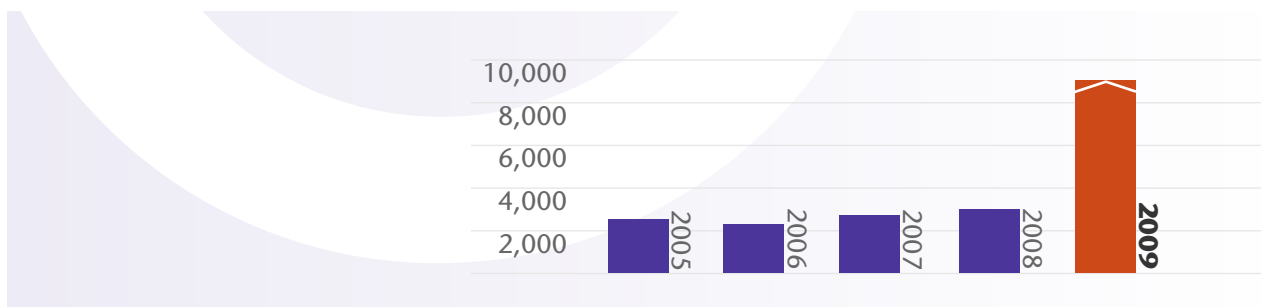


NUMBERS THAT SPEAK FOR THEMSELVES! (CONTINUED)

Despite a generally fragile economy and very fierce competition in our industry, 2009 was a record year for the Uniprix Group (Uniprix Inc.). In fact, our net income and our retained earnings reached respective highs of \$9.539 million and \$31.915 million. These represent impressive increases of 204% and 41%.

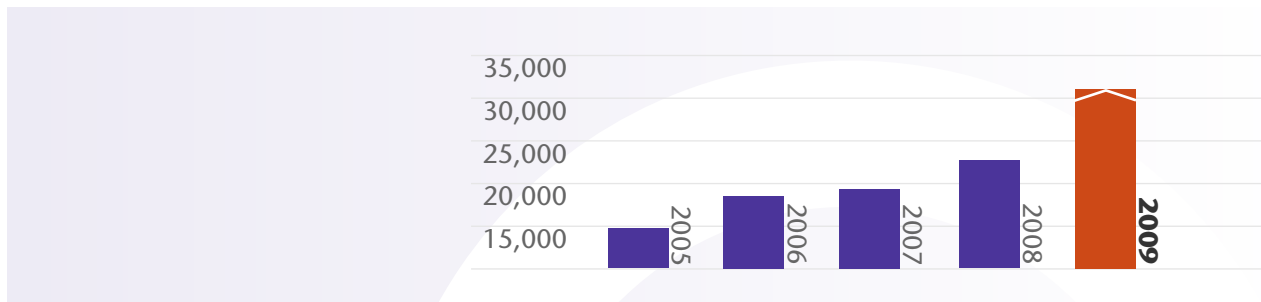
NET INCOME

(in thousands of dollars)



RETAINED EARNING

(in thousands of dollars)



SHARED VALUES

In 1985, when he was future pharmacist Sylvie Jutras's training manager, Paul Bergeron never would have imagined how things turned out.

"From the moment she entered the profession, Sylvie was driven by an avant-garde vision that I liked and she quickly became my partner. We then shared our evolving vision with another pharmacist, Marie-Claude Fournier, who in turn became our partner!"

The Bergeron, Jutras, and Fournier pharmacy, which has been affiliated with Clinique Santé for some twenty years, is well established in Vieux-Longueuil. Ms. Fournier is taken with the present and future of "her" pharmacy. "Our pharmacy, which has expanded to a new location, is truly focused on its primary mission: patient health. That is why a nurse, a nutritionist, and other healthcare professionals who share our values also share the premises."

Ms. Jutras adds that Clinique Santé's integration into the Uniprix Group was successful because the independent pharmacist-owners share common values—and also many services!

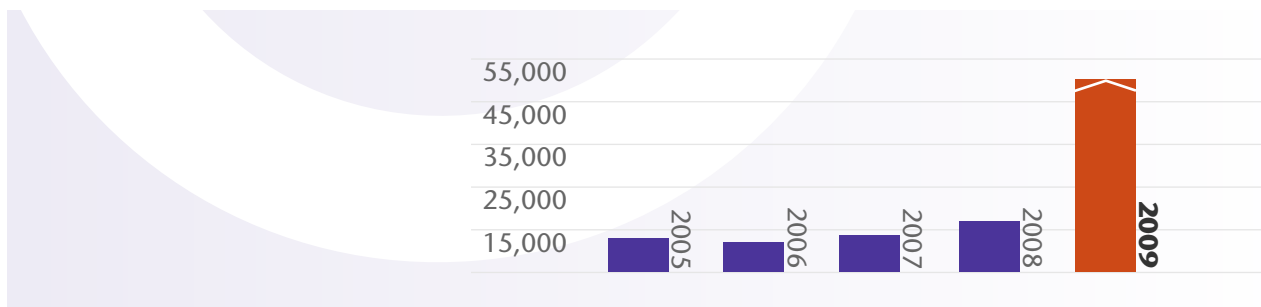


NUMBERS THAT SPEAK FOR THEMSELVES! (CONTINUED)

Earnings per share went from \$16,700 to \$50,790, also posting a rise of 204%. Earnings before interest, taxes, depreciation, and amortization climbed from \$10.114 million to \$18.834 million, an 86% increase!

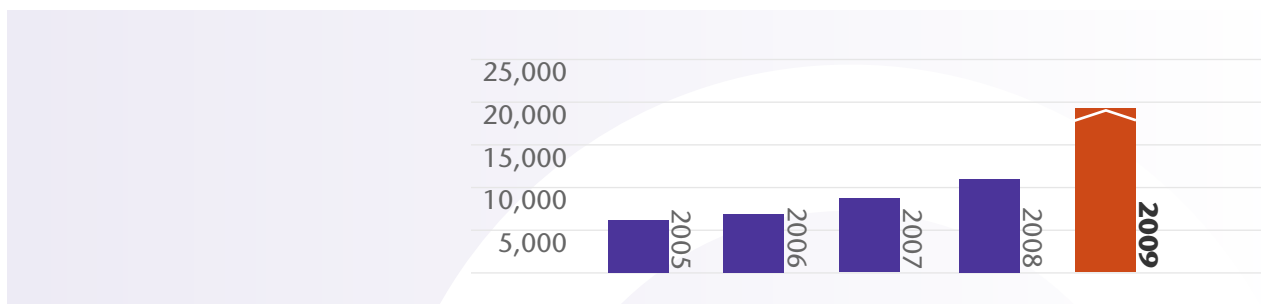
EARNINGS PER SHARE

(in dollars)



EBITDA

(in thousands of dollars)



DRAWING ON HIS ENTREPRENEURIAL FIBER

Having been born into a family of entrepreneurs, it is completely natural that Jonathan Perreault would be tempted to pursue a career in the business world.

“Once I reached my teens, I had various options open to me in the business world but at the same time I was attracted to the pharmaceutical field. Then one day I realized that I could have two careers at once—not parallel careers, but synergistic careers—and that’s when my life changed!” says the enthusiastic pharmacist Jonathan Perreault.

The young entrepreneur was first a pharmacist in Mont-Tremblant, after which he bought a pharmacy in Longueuil and then surrounded himself with partners in La Prairie, Longueuil, Acton Vale, and La Pocatière. All his pharmacies are affiliated with Uniprix and Clinique Santé. To say he has a “U” tattooed on his heart is no exaggeration.

“This franchisor/franchisee formula, which is unique to the Uniprix Group, is very logical! It allows young pharmacists coming out of university with modest savings to gradually become ‘real owners’ within a company that values their opinions. I’m really happy with the arrangement!”



NUMBERS THAT SPEAK FOR THEMSELVES! (CONTINUED)

This exceptional performance can be explained in large part by three aspects of our business strategy:

- ▶ **Very effective negotiation strategies**
- ▶ **Injection of very large sums into loss leaders in circulars**
- ▶ **High-quality private and exclusive brand products that meet consumers' expectations in shaky economic times**

The Uniprix Group has therefore continued to distinguish itself in a difficult economic context and highly competitive environment. In fact, 2008 followed another excellent year during which our total revenues increased by 3.7%. Net income climbed from \$2.818 million to \$3.139 million.

With results and figures this impressive, it is clearer than ever that the Uniprix Group is in tip top shape and that our entrepreneurial approach has proven to be a winning strategy.

*Highs
and records
despite a
fragile
economic
environment*

PASSING ON THE TORCH

"How time flies!" is what pharmacists Christian Desbiens and Guy Pellerin, co-owners of the Uniprix-affiliated pharmacy on 5th Avenue in Shawinigan-Sud since 1979, said in 2009. That's when they began the process of gradually selling their pharmacy—a real institution in Shawinigan and the Mauricie region.

Their successors are Mylen Pellerin and Julien Bureau. Mylen has already worked in the customer service department for nearly 20 years and Julien has been a team member for five years.

"The only place I could imagine becoming a pharmacist-owner is here: This pharmacy is home to me! And I feel totally confident working together as a team, in a new way, with Guy and Christian, and with Julien," Ms. Pellerin adds.

Julien Bureau joined the team at the beginning of his pharmaceutical studies. "We have a great team that is client focused: Everyone knows competition is fierce and that the same products can be found everywhere. By continuing to provide the best service at the Shawinigan pharmacy, we will stand out in the future."



HIGHLIGHTS

Liquid Assets

The Uniprix Group generated significant liquidities of \$5.619 million in the past financial year, which enabled it to put its balance sheet on a healthy footing by repaying borrowings of \$32.030 million, among other things. Liquidities also improved greatly because no bank overdrafts were recorded and the credit lines were unused.

Financial Ratios

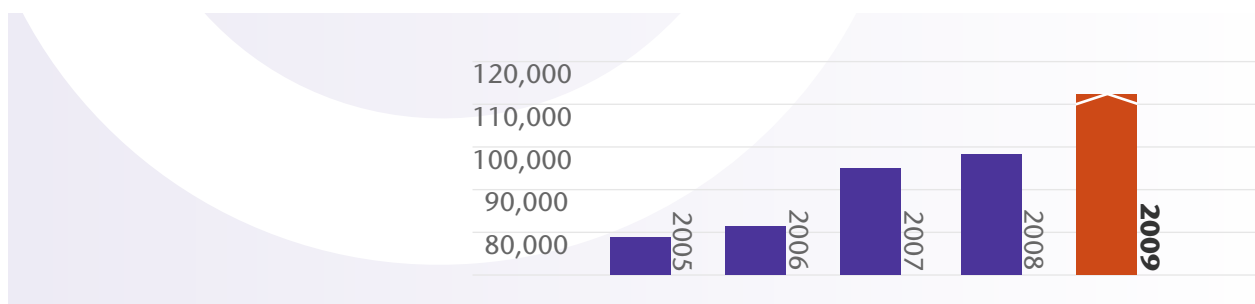
This approach also helped improve the organization's financial ratios. More specifically, the working capital ratio now stands at 1.49, versus 0.87 in 2008. And the debt-to-equity ratio, which stood at 3.48 in 2008, is now 2.14.

Revenues

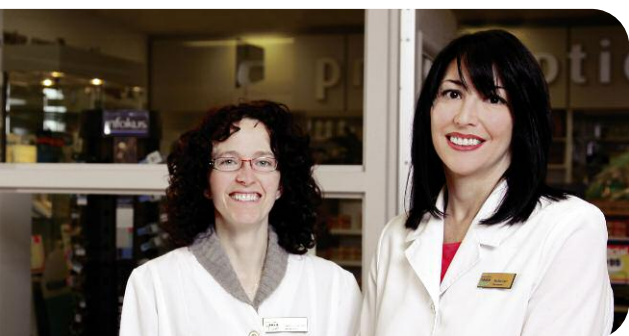
Because of the solid performance of our private and exclusive brands, our members' increasing compliance with our distribution agreement with our wholesaler McKesson Canada, our revenues from negotiations, and the projects carried out by our development department, we increased our revenues by \$13.971 million, or 14%, from \$98.755 million to \$112.726 million.

TOTAL REVENUES

(in thousands of dollars)



LIVING OUT A SHARED COMMITMENT—DIFFERENTLY



In 2009, pharmacists Chantal Delaunais and Marilène Lozier, who were already owners of a Uniprix-affiliated pharmacy in Quebec City, opened the very first Uniprix Group pharmacy in a hospital setting.

According to Ms. Lozier, the challenges for a pharmacy located inside a hospital are inversely proportional to its surface area. "Unlike our usual reality, where my partner and I are our own bosses, here we must adapt our management methods. *Enfant-Jésus de Québec* is like a city where there are many—and often different—interests. Every minute is a learning experience."

Her colleague adds, "Practicing our profession is very different than in our neighborhood pharmacy: The frequent contact with specialized physicians and hospital pharmacists creates a new dimension, which is very stimulating."

Motivated by these two successes in Quebec City hospitals, the Clinique Santé team will continue to skillfully develop this niche.

HIGHLIGHTS (CONTINUED)

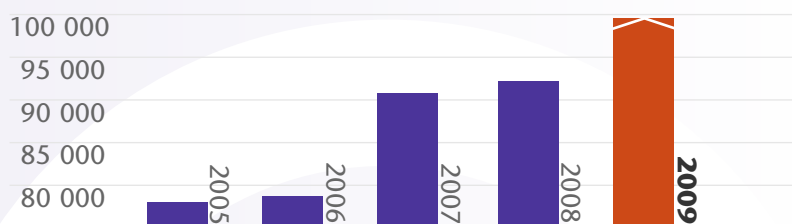
Operating Expenses

In the area of operating expenses, we also note an increase of \$5.408 million, or 6%, from \$93.832 million in 2008 to \$99.240 million in 2009. It is attributable to the cost of goods sold, as well as to member services, which increased from \$55.116 million to \$58.541 million—that is, the injection of very large sums into loss leaders in circulars and into loyalty programs.

Administrative costs increased by \$190,000, or 3%, mainly due to the writeoff of the loss in value of certain buildings. Finance charges fell by \$1.034 million to \$594,000 because of reduced credit line use during the previous financial year, low interest rates, and decreased interest on long-term debts, \$32.030 million of which were repaid.

OPERATING EXPENSES

(in thousands of dollars)



Total assets

Total assets fell by \$1.294 million, or 1%, due to the combined effect of acquiring 50% of the shares of Unidis, which is now a 100%-owned subsidiary, and making investments during the year (bridge loans granted to pharmacists in our network).

Total liabilities

Total liabilities dropped by \$10.622 million, or 13%. This drop is strongly attributable to debt repayments and the non-use of credit lines.

RECREATING A RETAIL OUTLET

The least that can be said of the Uniprix-affiliated pharmacy in the Place Vertu shopping center in Montreal's Saint-Laurent borough is that it underwent a real transformation!

"We acquired this retail outlet after evaluating its potential, which was great," confirms Reza Kalfane, one of the pharmacist-owners. "We made a significant bet by deciding to relocate next door and massively investing in the move, but it was our best decision!"

So, from one day to the next, the team showed up to work at an entirely new location. "We were so happy to go through every step of the process—from the draft plans all the way to the ribbon cutting!" adds Sheinaz Gandji, also a pharmacist-owner.

In 2009 monthly growth was remarkable, which portends a very promising future for this retail outlet!



RISKS AND UNCERTAINTIES

Given the number of customers comprising its clientele, Uniprix Inc. deems the credit risk associated with its accounts receivable to be low. As of December 31, 2009, the company had no significant credit risk exposure related to any account. These financial statements include figures that are based on judgments and estimates. The financial information contained elsewhere in this annual report is consistent with the data presented in the consolidated financial statements, audited by Behna, Cormier, Gougeon, Ouellette, S.E.N.C.R.L.



François Castonguay
President and CEO
Chief Financial Officer



CONSOLIDATED INCOME

FOR THE YEAR ENDED DECEMBER 31
(in thousands of dollars)

	2009 \$	2008 \$
REVENUES	<u>112,726</u>	<u>98,755</u>
OPERATING EXPENSES		
Cost of goods sold	29,089	27,704
Services to Members, advertising and marketing	58,542	55,116
Administrative expenses	6,602	6,412
Net financial expenses (note 21)	594	1,034
Doubtful accounts	539	673
Amortization (note 22)	2,491	1,588
Allowance for contingent loss on investments	-	305
Goodwill impairment (note 4)	1,383	1,000
	<u>99,240</u>	<u>93,832</u>
INCOME BEFORE OTHER ITEMS AND INCOME TAXES	<u>13,486</u>	<u>4,923</u>
OTHER ITEMS		
Gain on business disposal (note 6)	1,057	-
Gain on disposal of real estate properties held for sale	24	-
Gain on disposal of real estate properties	58	-
	<u>1,139</u>	<u>-</u>
INCOME BEFORE INCOME TAXES	14,625	4,923
INCOME TAXES (note 23)	<u>5,086</u>	<u>1,784</u>
NET INCOME	<u>9,539</u>	<u>3,139</u>

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

CONSOLIDATED RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31
(in thousands of dollars)

	2009	2008
	\$	\$
BALANCE, BEGINNING OF YEAR	22,587	19,758
Net income	<u>9,539</u>	<u>3,139</u>
	32,126	22,897
Refundable dividend tax on hand (note 7)	<u>211</u>	<u>310</u>
BALANCE, END OF YEAR	<u>31,915</u>	<u>22,587</u>

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



CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31
(in thousands of dollars)

ASSETS**CURRENT ASSETS**

	2009	2008
	\$	\$
Cash	4,222	-
Accounts receivable (note 8)	33,237	28,789
Income taxes receivable	-	607
Inventories	2,014	1,286
Prepaid expenses	533	438
Assets held for sale	-	4,040
Current portion of investments (note 10)	3,810	2,648
	<hr/>	<hr/>
	43,816	37,808
REAL ESTATE PROPERTIES HELD FOR SALE (note 9)	-	1,749
INVESTMENTS (note 10)	16,448	30,051
REAL ESTATE PROPERTIES (note 11)	6,295	6,611
CAPITAL ASSETS (note 12)	5,213	4,691
INTANGIBLE ASSETS (note 13)	8,133	6,515
FUTURE INCOME TAXES (note 23)	3,188	1,073
GOODWILL (note 4)	17,243	13,132
	<hr/>	<hr/>
	100,336	101,630
	<hr/>	<hr/>

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

CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT DECEMBER 31
(in thousands of dollars)

LIABILITIES	2009	2008
	\$	\$
CURRENT LIABILITIES		
Bank overdraft (note 14)	-	1,397
Bank loan (note 14)	-	9,100
Accounts payable and accrued liabilities (note 15)	17,187	15,559
Income taxes payable	6,032	-
Deferred revenues	2,755	3,428
Debt related to assets held for sale, prime rate plus 0.75%, reimbursed during the year	-	3,585
Current portion of long-term debt (note 16)	3,428	10,395
	<u>29,402</u>	<u>43,464</u>
LONG-TERM DEBT (note 16)	20,578	28,535
DEFERRED EXCLUSIVE RIGHTS REVENUES	18,388	6,991
	<u>68,368</u>	<u>78,990</u>

SHAREHOLDERS' EQUITY

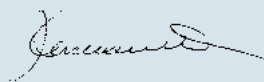
SHARE CAPITAL (note 17)	47	47
CONTRIBUTED SURPLUS (note 18)	6	6
RETAINED EARNINGS	31,915	22,587
	<u>31,968</u>	<u>22,640</u>
	<u>100,336</u>	<u>101,630</u>

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

SIGNED ON BEHALF OF THE BOARD:



Normand Bonin, Director



Jacques Arsenault, Director



CONSOLIDATED CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31
(in thousands of dollars)

OPERATING (note 20)	2009	2008
	\$	\$
Net income	9,539	3,139
Non-cash items:		
Suspended royalty payments capitalized to affiliation fees	(2,198)	(534)
Amortization (note 22)	2,491	1,588
Write-down of real estate properties (note 11)	468	-
Allowance for contingent loss on investments (note 10)	-	305
Goodwill impairment (note 4)	1,383	1,000
Interest on long-term debt capitalized	-	14
Future income taxes	(2,405)	903
Gain on business disposal	(1,057)	-
Gain on disposal of real estate properties held for sale	(24)	-
Gain on disposal of real estate properties	(58)	-
	<u>8,139</u>	<u>6,415</u>
Net change in non-cash items related to operations (note 20)	<u>6,470</u>	<u>681</u>
	<u>14,609</u>	<u>7,096</u>
 INVESTING (note 20)		
Business acquisition (note 4)	501	(2,189)
Net change in advances	350	1,190
Acquisition of assets held for sale	(30)	-
Proceeds from disposal of assets held for sale	4,762	-
Increase in investments	(15,683)	(45,163)
Decrease in investments	28,574	43,852
Proceeds from disposal of real estate properties held for sale	858	-
Increase in real estate properties	(48)	(858)
Proceeds from disposal of real estate properties	585	-
Acquisition of capital assets	(486)	(593)
Proceeds from disposal of capital assets	-	3
Acquisition of intangible assets	(1,537)	(1,812)
	<u>17,846</u>	<u>(5,570)</u>
Balance to carry forward	<u>32,455</u>	<u>1,526</u>

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

CONSOLIDATED CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31
(in thousands of dollars)

	2009	2008
	\$	\$
Balance carried forward	<u>32,455</u>	<u>1 526</u>
FINANCING (note 20)		
Net change in bank loan	(9,100)	(4,465)
Refundable dividend tax on hand	(211)	(310)
Increase in long-term debt	14,505	35,645
Repayment of long-term debt	(32,030)	(29,828)
Share issuance	2	5
Share redemption	(2)	(7)
	<u>(26,836)</u>	<u>1,040</u>
INCREASE IN CASH AND CASH EQUIVALENTS	5,619	2,566
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>(1,397)</u>	<u>(3,963)</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>4,222</u>	<u>(1,397)</u>

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009
(tabular amounts are in thousands of dollars)

NOTE 1 — STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

The Company, incorporated under the Canada Business Corporations Act, provides group purchasing, advertising and operational services to its Shareholders and Members (hereafter Members).

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered particularly significant for the Company.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and those of its wholly-owned subsidiaries "Corporation Financière Uniprix / Uniprix Financial Corporation", "6845754 Canada Inc." and "Unidis Inc." since May 1st, 2009, as well as the accounts of its joint ventures "Immeuble 2235 Galt Ouest" and "Unidis Inc." until April 30, 2009, consolidated proportionally.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, as well as reported amounts of revenues and expenses for the period. Actual results could differ from those estimates.

Revenue recognition

The Company recognizes its revenues from the sale of goods when goods are shipped to the wholesaler or when clients receive the goods.

Royalties, which are calculated based on Members sales figures, are recognized in income when earned.

Revenues from advertising, services to Members and real estate activities are recognized in income when services are rendered.

Revenues from investments and interest are recognized in income when earned. Revenues from rental are recognized using the straight-line method over the lease agreements period.

All revenues are recognized when reasonable assurance exists regarding collection.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank overdraft and highly liquid investments with maturity of less than three months.

Inventories

Inventories are measured at the lower of cost and net realizable value. When there is an increase in net realizable value of inventories following a write-down, the Entity reverses the write-down previously recorded in order to increase the carrying value of inventories to their net realizable value, without exceeding their initial cost. The cost of inventories is determined using the first-in, first-out method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009
(tabular amounts are in thousands of dollars)

NOTE 2— SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are recorded at cost less an allowance for contingent loss. An investment is classified as impaired when, in management's opinion, there has been a deterioration in the credit quality to the extent there is no longer assurance of timely collection of the full amount of principal and interest. In management opinion, the allowance for contingent loss on investments recognized by the Company is sufficient. This allowance is determined on an item-by-item basis and reflects the associated credit loss. The allowance corresponds to the amount required to reduce the carrying value of an impaired investment to its estimated realizable amount determined according to management's estimates of forecasted recovery and fair value of securities held.

Real estate properties

Real estate properties held for rental are recorded at cost and are amortized over their useful lives, using the diminishing balance method at the rate of 4%.

Capital assets

Capital assets are recorded at cost. Amortization is calculated over their respective estimated useful lives, using the following methods, rates and terms:

	Methods	Rate or terms
Building	Diminishing balance	4%
Sign	Straight-line	10 years
Furniture and fixtures	Straight-line	3 to 10 years
Equipment	Straight-line	10 years
Rolling stock	Straight-line	3 years
Computer equipment	Straight-line	3 years
Leasehold improvements	Straight-line	Lease term plus one renewal option
Computer equipment under capital leases	Straight-line	3 years
Equipment under a capital lease	Straight-line	5 years



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009
(tabular amounts are in thousands of dollars)

NOTE 2— SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets

Software is amortized using the straight-line method over three years, once they are put in service.

Affiliation fees, tenants inducements and rights to lease are amortized using the straight-line method over the agreement or the lease agreements period.

Non compete agreements are amortized using the straight-line method over the agreement period, which is 5 years.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired. Goodwill is no longer amortized since January 1st, 2002 and, since then, is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. The impairment test consists of comparing the fair value of the reporting unit related to the goodwill to its carrying value. When the carrying value exceeds the fair value of the goodwill, an impairment loss is recorded in income of the period during which the impairment occurs.

Deferred exclusive rights revenues

Revenues from exclusive rights agreements are deferred and amortized over the related agreements period using the straight-line method.

Income taxes

The Company follows the liability method of accounting for income taxes. Under this method, current income taxes are recorded for the estimated income taxes payable for the year and future income taxes are recorded for temporary differences between tax values and carrying values of assets and liabilities. Enacted tax rates are used to calculate future income taxes at the balance sheet date. Future income tax assets from loss carryforwards and temporary differences are recorded when it is more likely than not that the asset will be realized.

NOTE 3— CHANGES IN ACCOUNTING POLICIES

As of the beginning of the year, the Entity applied Section 3064 "Goodwill and intangible assets of the Canadian Institute of Chartered Accountants (CICA) Handbook. This Section replaces Sections 3062 "Goodwill and other intangible assets" and 3450 "Research and development costs", which was previously used. This Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Standards for goodwill and research and development costs included in Section 3064 are similar to the previous standards. However, standards applicable to intangible assets were modified and provide guidance ensuring consistent treatment of all intangible assets, whether separately acquired or internally developed.

The application of this new pronouncement had no impact on the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009
(tabular amounts are in thousands of dollars)

NOTE 4— BUSINESS ACQUISITION

During the year, the Company acquired 50% of the shares of "Unidis Inc.", now a wholly-owned subsidiary. During the year 2008, the Company acquired substantially all of the assets of "Guy Perron, pharmacien". The fair value of the net assets acquired details as follows:

	2009	2008
	\$	\$
Accounts receivable	863	20
Income taxes receivable	28	-
Inventories	754	8
Prepaid expenses	8	-
Capital assets	364	25
Intangible assets	495	-
Goodwill	5,494	2,136
Accounts payable and accrued liabilities	(817)	-
Future income taxes	(290)	-
Net assets acquired	<u>6,899</u>	<u>2,189</u>
Consideration:		
Deferred exclusive rights revenues	7,400	-
Cash (received)	(501)	2,189
	<u>6,899</u>	<u>2,189</u>

Changes in the carrying value of goodwill detail as follows:

Balance, beginning of year	15,978	14,842
Acquisition	5,494	2,136
Impairment ⁽¹⁾	(1,383)	(1,000)
Disposal	(2,846)	-
Balance, end of year	<u>17,243</u>	<u>15,978</u>
Comprising:		
Goodwill held for sale	-	2,846
Goodwill retained and used	17,243	13,132
	<u>17,243</u>	<u>15,978</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009
(tabular amounts are in thousands of dollars)

NOTE 4— BUSINESS ACQUISITION (CONTINUED)

⁽¹⁾ During the years 2009 and 2008, certain points of sale for which a related goodwill was recorded, did not renew their affiliation agreement with the Company. The goodwill impairment was determined based on the relative fair value of the points of sale sold and the points of sale retained. Moreover, a goodwill impairment was recorded in connection with retained points of sale following an estimate of future cash flows from their operations.

NOTE 5— INFORMATION ON JOINT VENTURES

The proportionate share of assets and liabilities of the joint ventures and the proportionate share of revenues and expenses, net income and cash flows of the joint ventures from acquisition date, detail as follows:

	2009	2008
	\$	\$
Current assets	46	5,639
Long-term assets	2,018	7,529
Current liabilities	52	303
Long-term liabilities	1,288	1,328
Revenues	2,410	4,927
Expenses	1,696	4,428
Net income	714	499
Cash flows related to the following activities:		
Operating	(29)	152
Investing	5,129	(590)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009
(tabular amounts are in thousands of dollars)

NOTE 6— GAIN ON BUSINESS DISPOSAL

During the year, the Company sold the assets held for sale for a total consideration of \$5,212,000. The gain on disposal details as follows:

Net proceed from disposal	5,212
 Assets sold	
Cash	8
Accounts receivable	85
Inventories	562
Capital assets	654
Goodwill	2,846
Net carrying value of assets sold	4,155
Gain on business disposal	1,057

NOTE 7— REFUNDABLE DIVIDEND TAX ON HAND

The Company is classified as a "Canadian-controlled private corporation" under the *Income Tax Act*. This status allows it to receive the refund of a portion of the income taxes it has paid. The cumulative balance of the refundable dividend tax on hand as at December 31, 2009, amounts to \$820,234. This amount may be refunded to the Company at the rate of \$1 for each \$3 of taxable dividends paid if the Company is still a "Canadian controlled private corporation" when dividends are paid.

NOTE 8— ACCOUNTS RECEIVABLE

	2009 \$	2008 \$
Clients and Members	35,628	31,072
Allowance for doubtful accounts	(2,461)	(2,703)
Advances, no interest	70	420
	33,237	28,789



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009
(tabular amounts are in thousands of dollars)

NOTE 9— REAL ESTATE PROPERTIES HELD FOR SALE

Certain real estate properties, with a net book value of \$662,000, were reclassified as real estate properties retained and used since these properties no longer comply with the assets held for sale criteria described in Canadian generally accepted accounting principles.

NOTE 10— INVESTMENTS

	2009 \$	2008 \$
Receivable from companies controlled by Members		
Notes receivable, non-interest bearing, receivable in monthly instalments ranging from \$3,333 to \$6,571, maturing from 2010 to 2013	321	685
Notes receivable, interest ranging from 6% to 7.5% (2008: 5.5% to 7.75%) and from prime rate to prime rate plus 3.25%, receivable in monthly instalments ranging from \$730 to \$66,577, maturing from 2010 to 2022	9,752	21,770
Demand notes receivable, non-interest bearing	1,020	1,120
Advances, interest ranging from 0% to 6%, without fixed repayment terms	1,054	1,834
Notes receivable, interest ranging from 6% to 7% and from prime rate plus 3% to prime rate plus 3.75% (2008: 7%), receivable in monthly instalments ranging from \$1,083 to \$9,934 (2008: \$4,470), maturing from 2010 to 2019	1,086	378
Demand notes receivable, interest at 6.45% and ranging from prime rate plus 2% to prime rate plus 3.75% (2008: 6% to 7.25% and from prime rate plus 3% to prime rate plus 3.25%)	7,280	7,192
Balance of sale receivable, prime rate plus 3%, receivable in monthly instalments of \$3,125, maturing in December 2021	450	-
Demand notes receivable, 7% and prime rate plus 1.5%, matured during the year	-	425
	20,963	33,404
Allowance for contingent loss	(705)	(705)
	20,258	32,699
Current portion of investments	3,810	2,648
	16,448	30,051

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009
(tabular amounts are in thousands of dollars)

NOTE 10— INVESTMENTS (CONTINUED)

The following table presents the investments classified by expected reception dates:

	Less than a years	1 to 3 years	4 to 5 years	5 years or more	No maturity	Total 2009	Total 2008
	\$	\$	\$	\$	\$	\$	\$
Notes receivable							
Non-interest bearing	86	67	-	-	168	321	685
Bearing interest from 5.5% to 7.75%	679	2,197	1,942	3,519	-	8,337	10,461
Bearing interest from prime rate to prime rate plus 3.75%	868	871	436	326	-	2,501	11,687
Demand notes receivable							
Non-interest bearing	-	-	-	-	315	315	415
Bearing interest from 6% to 7.25%	-	-	-	-	228	228	1,717
Bearing interest from prime rate to prime rate plus 3.75%	1,585	150	-	-	5,317	7,052	5,900
Advances, non-interest bearing	526	-	-	-	-	526	1 306
Advances, 6%	-	-	-	-	528	528	528
Other investments	66	75	75	234	-	450	-
	<u>3,810</u>	<u>3,360</u>	<u>2,453</u>	<u>4,079</u>	<u>6,556</u>	<u>20,258</u>	<u>32,699</u>

Impaired investments and allowance for contingency loss detail as follows:

Impaired investments

	Total investment	Allowance	Net amount 2009	Net amount 2008
	\$	\$	\$	\$
Demand note receivable, non-interest bearing	<u>705,205</u>	<u>705,205</u>	<u>-</u>	<u>-</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009
(tabular amounts are in thousands of dollars)

NOTE 10— INVESTMENTS (CONTINUED)

Allowance for contingent loss on investments

	2009 \$	2008 \$
Balance, beginning of the year	705	845
Increase in allowance	-	520
Collection	-	(215)
Expense of the year	-	305
Write-off	-	(445)
Net change for the year	-	(140)
Balance, end of year	705	705

NOTE 11 — REAL ESTATE PROPERTIES

	2009		
	Cost \$	Accumulated amortization \$	Net book value \$
Land	1,262	-	1,262
Buildings	6,990	1,957	5,033
	<u>8,252</u>	<u>1,957</u>	<u>6,295</u>
	2008		
	Cost \$	Accumulated amortization \$	Net book value \$
Land	1,431	-	1,431
Buildings	6,459	1,279	5,180
	<u>7,890</u>	<u>1,279</u>	<u>6,611</u>

Gross rental income was \$1,061,000 for the year (\$1,087,000 in 2008).

During the year, the Company proceeded to an assessment of its real estate properties. Following this assessment, a write-down of \$467,551 was recorded in administrative expenses. The assessment was performed by an independent expert and was established by comparing similar asset prices and by discounting future cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009
(tabular amounts are in thousands of dollars)

NOTE 12— CAPITAL ASSETS

	2009		
	Cost \$	Accumulated amortization \$	Net book value \$
Land	1,247	-	1,247
Building	3,870	1,528	2,342
Sign	63	48	15
Furniture and fixtures	293	230	63
Equipment	451	114	337
Rolling stock	19	19	-
Computer equipment	981	311	670
Leasehold improvements	340	77	263
Computer equipment under capital leases	329	225	104
Equipment under a capital lease	748	576	172
	<u>8,341</u>	<u>3,128</u>	<u>5,213</u>
	2008		
	Cost \$	Accumulated amortization \$	Net book value \$
Land	1,247	-	1,247
Building	3,870	1,431	2,439
Sign	79	60	19
Furniture and fixtures	363	246	117
Equipment	192	37	155
Rolling stock	10	7	3
Computer equipment	254	139	115
Leasehold improvements	139	14	125
Computer equipment under capital leases	481	297	184
Equipment under a capital lease	748	461	287
	<u>7,383</u>	<u>2,692</u>	<u>4,691</u>

During the year, the Company acquired capital assets for \$737,150 (\$613,569 in 2008) and did not acquired any asset financed through capital leases (\$182,216 in 2008).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009
(tabular amounts are in thousands of dollars)

NOTE 13— INTANGIBLE ASSETS

	2009		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Software development in progress	260	-	260
Software	624	330	294
Affiliation fees	8,016	1,460	6,556
Tenants inducements	204	104	100
Rights to lease	200	12	188
Non-compete agreements	1,918	1,183	735
	<u>11,222</u>	<u>3,089</u>	<u>8,133</u>
	2008		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Software development in progress	258	-	258
Software	366	122	244
Affiliation fees	6,023	691	5,332
Tenants inducements	204	82	122
Non-compete agreements	959	400	559
	<u>7,810</u>	<u>1,295</u>	<u>6,515</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009
(tabular amounts are in thousands of dollars)

NOTE 14— BANK LOAN AND BANK OVERDRAFT

The Company has an authorized line of credit of \$25,500,000. The line of credit is renewable annually and bears interest at prime rate plus 0.25%. Fees of 0.25% are charged by the financial institution on the unused balance. It is secured by a chattel mortgage of \$75,000,000 on all present and future properties of the Company, by a general assignment of accounts receivable, by a security according to section 427 of the Bank Act, by a chattel mortgage of \$30,000,000 on all the rights to lease of pharmacies and by the proceeds from insurance on the secured assets in favor of the bank.

The credit agreement includes certain covenants, which must be met by the Company at all times and a restriction on the endorsements the Company can provide.

As at December 31, 2009, all credit agreement covenants were in compliance.

NOTE 15— ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2009	2008
	\$	\$
Accounts payable and accrued charges	15,779	13,201
Deferred royalties - Directors	127	469
Deferred royalties - others	93	828
Salaries and fringe benefits	1,151	887
Sales taxes	37	174
	<u>17,187</u>	<u>15,559</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009
(tabular amounts are in thousands of dollars)

NOTE 16— LONG-TERM DEBT

	2009	2008
	\$	\$
Term loans, prime rate plus 0.75% to 1.25%, secured by first rank mortgages on real estate properties and by chattel mortgages on all the present and future movable assets, payable by monthly principal instalments ranging from \$5,692 to \$56,225 plus interest, maturing from 2013 to 2021, renewable in 2011, 2012 and 2014 (1)	13,550	9,540
Term loans, interest ranging from 5.95% to 6.76%, secured by first rank mortgages on real estate properties and by chattel mortgages on all the present and future movable assets, payable by monthly principal instalments ranging from \$3,333 to \$39,859 plus interest, maturing from 2017 to 2022, renewable in 2012 (1)	4,985	6,061
Term loans, prime rate, secured by mortgages on the land and building, payable by monthly principal instalments of \$14,722 plus interest, maturing in 2016 (2)	1,237	1,413
Demand notes payable, non-interest bearing	50	525
Obligations under capital leases, 6% to 8%, payable by monthly instalments ranging from \$312 to \$5,633, principal and interest, maturing from January 2010 to July 2012	309	561
Notes payable, without interest and fixed repayment terms	1,062	1,057
Term loan, 5.86%, secured by the land and building and by a mortgage on all rental payments, payable by monthly instalments of \$15,806, principal and interest, renewable in 2013 (1)	1,328	1,381
Note payable, 6.5% until June 30, 2011 and prime rate plus 1% thereafter, payable by monthly instalments of \$7,353, principal and interest, maturing in 2016	467	523
Amounts due to Members, non-interest bearing, payable by annual instalments of \$688,333 in 2010 and \$91,667 in 2011	780	1,764
Balance to carry forward	23,768	22,825

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009
(tabular amounts are in thousands of dollars)

NOTE 16— LONG-TERM DEBT (CONTINUED)

	2009	2008
	\$	\$
Balance carried forward	23 768	22 825
Note payable, 7%, payable in monthly instalments of \$4,513, principal and interest, maturing in 2015	238	274
Balance of sale payable, prime rate plus 3%, reimbursed during the year	-	300
Due to a joint venture of a member of the Board of Directors, reimbursed during the year	-	50
Promissory note, prime rate of Bank of Canada, reimbursed during the year	-	279
Note payable, prime rate, reimbursed during the year	-	202
Term loans, prime rate plus 0.75%, reimbursed during the year	-	5 000
Note payable, 7.5%, reimbursed during the year	-	10 000
	24 006	38 930
Current portion of long term debt	3 428	10 395
	20 578	28 535

⁽¹⁾ These term loans include certain covenants, which are all in compliance as at December 31, 2009

⁽²⁾ These term loans include certain covenants, such as a minimum Shareholders' equity of \$20,000,000. These covenants are all in compliance as at December 31, 2009.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009
(tabular amounts are in thousands of dollars)

NOTE 16— LONG-TERM DEBT (CONTINUED)

Long term debt principal repayments and renewable balances over the next five years are the following:

	<u>PAYABLE</u>	<u>RENEWABLE</u>
Long-term debt	Obligations under capital leases	
\$	\$	\$
2010	3,256	189
2011	2,551	134
2012	1,435	9
2013	1,093	-
2014	602	-
	<u>8,937</u>	<u>332</u>
Interest included in minimum payments	-	23
	<u>8,937</u>	<u>309</u>
		<u>13,559</u>

NOTE 17— SHARE CAPITAL

Authorized share capital

An unlimited number, without par value of :

Class A shares, voting, participating pari passu with the Class C shares, redeemable at \$250 per share

Class B shares, non voting, non participating, redeemable at \$8.85 per share

Class C shares, voting, participating pari passu with Class A shares

	2009	2008
	\$	\$
Issued shares		
187 Class A shares	47	47

During the year, the Company issued 9 Class A shares for a cash consideration of \$2,250 (in 2008, issuance of 20 Class A shares for a cash consideration of \$5,000) and redeemed 9 Class A shares for a cash consideration of \$2,250 (in 2008, redemption of 28 Class A shares for a cash consideration of \$7,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009
(tabular amounts are in thousands of dollars)

NOTE 18— CONTRIBUTED SURPLUS

The contributed surplus results from the excess of the paid-up capital of Class A shares over the cash consideration paid on redemption.

NOTE 19— COMMITMENTS

The Company is committed under operating leases maturing from 2010 to 2014, which aggregate to \$5,219,000, and include the following instalments over the next five years:

	\$
2010	1,808
2011	1,291
2012	1,135
2013	736
2014	249

The Company is committed under long-term leases for commercial premises maturing from 2010 to 2030, which aggregate to \$78,302,000, and include the following instalments over the next five years:

	\$
2010	9,655
2011	9,796
2012	8,926
2013	8,115
2014	7,669

The Company subleases the whole of the premises from these leases to its Members and companies controlled by Members under the same terms and conditions. Since the Company acts solely as an intermediary, and is not the principal obligor in these arrangements, neither the sublease revenue nor the rent expenditure is recorded in income.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009
(tabular amounts are in thousands of dollars)

NOTE 20— CASH FLOWS

	2009	2008
	\$	\$
Net change in non-cash items related to operations		
Accounts receivable	(4,020)	1,098
Inventories	26	(318)
Prepaid expenses	(87)	(131)
Accounts payable and accrued liabilities	560	1,819
Deferred revenues	(673)	(1,070)
Deferred exclusive rights revenues	3,997	(748)
Income taxes	6,667	31
	<u>6,470</u>	<u>681</u>
Additional information		
Interest paid	2,574	2,447
Interest received	1,167	2,300
Income taxes paid	1,830	1,627
Income taxes received	794	-
Financing and investing activities not involving cash		
Balance of sale receivable following a business disposal	450	-
Affiliation fees financed by amounts due to Members	780	1,764
Business acquisition in consideration of an exclusive rights agreement	7,400	-
Unpaid capital assets	251	-

NOTE 21 — NET FINANCIAL EXPENSES

	2009	2008
	\$	\$
Interest and penalties	169	4
Bank charges	158	122
Interest on bank loan	757	1,941
Interest on long-term debt	634	1,536
Investment revenues and interest	(1,124)	(2,569)
	<u>594</u>	<u>1,034</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009
(tabular amounts are in thousands of dollars)

NOTE 22— AMORTIZATION

	2009	2008
	\$	\$
Real estate properties	284	217
Capital assets	579	600
Intangible assets	1,628	771
	2,491	1,588

NOTE 23— INCOME TAXES

The combined statutory tax rate on income of the Company is 30.9% (30.9% in 2008). The reconciliation between the income tax expense calculated at the aforementioned statutory tax rate and the actual income tax expense is as follows:

	2009	2008
	\$	\$
Income taxes at the combined statutory tax rate	4,519	1,521
Increase (decrease):		
Decrease in future statutory rate	386	57
Gain on business disposal non taxable	(82)	-
Goodwill impairment	163	309
Other non-deductible elements	115	121
Prior years income taxes	57	(42)
Other - net	(72)	(182)
	5,086	1,784
Comprising:		
Current income taxes	7,491	881
Future income taxes	(2,405)	903



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009
(tabular amounts are in thousands of dollars)

NOTE 23— INCOME TAXES (CONTINUED)

The following table presents future income taxes resulting from temporary differences between the carrying value and tax basis of assets and liabilities:

	2009	2008
	\$	\$
Real estate properties and capital assets	68	(32)
Intangible assets and goodwill	(2,253)	(1,622)
Deferred exclusive rights revenues	5,112	1,999
Obligations under capital leases	86	160
Other long-term debt	233	545
Non-capital losses	428	11
Other	(486)	12
	3,188	1,073
Net future income taxes	3,188	1,073

NOTE 24— RELATED PARTY TRANSACTIONS

During the year, the Company entered into transactions with entities controlled by members of the Board of Directors. The following table presents a summary of these transactions:

	2009	2008
	\$	\$
Revenues	2,684	4,476
Investment revenues and interest	58	-

These transactions were carried out in the normal course of business and were measured at the exchange amount, which is the amount of the consideration established and agreed to by the related parties.

As at the balance sheet date, balances receivable from those related parties are:

	2009	2008
	\$	\$
Accounts receivable	2,193	2,889
Investments	521	2,480

During the year, the Company paid affiliation fees of \$162,500 to an entity controlled by a member of the Board of Directors. This transaction, which was not in the normal course of business, was measured at the exchange amount since there was a substantive change in the ownership of the assets acquired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009
(tabular amounts are in thousands of dollars)

NOTE 25— FINANCIAL INSTRUMENTS

CREDIT RISK

The Company carries out, on a continuing basis, credit checks on its clients and reviews credit history of each new customer. The Company establishes allowances for contingent credit losses taking into account the credit risk of particular clients, historical trends and other information. These clients adhere to the credit policies they are granted. A significant portion of accounts receivable relates to Members. However, the Company is not exposed to any important credit risk related to a particular client.

INTEREST RATE RISK

The Company issued notes receivable and demand notes and uses a line of credit and contracted long-term debt bearing floating interest rates. Consequently, it is exposed to an interest rate risk resulting from the fluctuation in the prime rate. However, a prime rate change of 1% would have no significant effect on the Company's income or financial position.

FAIR VALUE

The fair value of cash, accounts receivable and accounts payable and accrued liabilities approximates carrying value because of their short term maturity.

The fair value of long-term investments, substantially all of which have been granted to Members, and non-interest bearing notes payable, all of which are owed to suppliers, was not determined since these balances result from transactions carried out to maintain or to develop privileged commercial relationships, and do not necessarily reflect terms and conditions that would have been negotiated with arm's length parties.

The fair value of the long-term debt, determined by discounting future cash flows is estimated at \$24,715,000.

NOTE 26— CONTINGENCIES

The Company is involved in and potentially subject to various claims by third parties arising out of the normal course and conduct of its business including, but not limited to, product liability, labour and employment and taxation. Although such matters cannot be predicted with certainty, management currently considers the Company's exposure to such claims and litigation, to the extent not covered by the Company's insurance policies or otherwise provided for, not to be material to these consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009
(tabular amounts are in thousands of dollars)

NOTE 27— PENSION PLAN

The Company provides a simplified defined contributions pension plan to its employees. The Company contributes \$1 for each \$1 contribution paid by the employee, up to a maximum of 3% of gross salary. Contributions paid by the Company for the year ended December 31, 2009 totalled \$243,238 (\$207,230 in 2008).

NOTE 28— COMPARATIVE FIGURES

Certain figures for 2008 have been reclassified to make their presentation identical to that adopted in 2009.

MANAGEMENT'S RESPONSIBILITY REGARDING THE PRESENTATION OF FINANCIAL INFORMATION

The Uniprix Inc. consolidated financial statements and all information contained in this annual report are management's responsibility and have been approved by the Board of Directors.

The consolidated financial reports were prepared by management in accordance with Canadian generally accepted accounting principles. When there was an option to apply different accounting methods, management chose the methods it deemed most appropriate given the circumstances.

The main accounting standards used are indicated in Note 2 to the consolidated financial statements. The financial statements contain certain figures that are based on estimates and judgments. Management determined these amounts in a reasonable manner to ensure the financial statements are presented fairly in all material respects. Management also prepared the financial information that is presented elsewhere in the annual report and ensured it was consistent with the consolidated financial statements.

Uniprix maintains internal accounting and administrative control systems designed to provide a reasonable degree of certainty that the financial information is relevant, reliable, and accurate and that Uniprix's assets are correctly recorded and well protected.

The Board of Directors is charged with ensuring management fulfills its duties regarding the presentation of the financial information and is ultimately responsible for reviewing and approving the financial statements. The Board of Directors carries out this responsibility primarily through its Audit Committee.

The Audit Committee is appointed by the Board of Directors and all its members are external directors. The Audit Committee meets periodically with management and external auditors to discuss internal controls and questions relating to accounting, auditing and the presentation of financial information; ensure all parties correctly fulfill their duties; and review the consolidated financial statements and the external auditors' report. The Audit Committee shares its findings with the Board of Directors when it approves publication of the consolidated financial statements for shareholders.

The consolidated financial statements were audited on behalf of shareholders by external auditors Behna, Cormier, Gougeon, Ouellette, S.E.N.C.R.L. in compliance with Canadian generally accepted auditing standards. The external auditors had full and free access to the Audit Committee.

President and CEO
Chief Financial Officer



François Castonguay



To the Shareholders of UNIPRIX INC.

We have audited the consolidated balance sheet of **UNIPRIX INC.** as at **December 31, 2009** and the consolidated statements of income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at **December 31, 2009** and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

 S.F.N.C.R.L. (1)

Montréal
March 19, 2010

(1) CA auditor permit n° 10058



 **UNIPRIX**

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