SAVARIA CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2013 AND 2012

SAVARIA CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2013 AND 2012

TABLE OF CONTENTS **PAGE**

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS………………… 1

AUDITORS' REPORT ………………………………………………………………………………… 2

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position ……………………………………………………… 4

Consolidated statement of comprehensive income………………………………………………… 5

Consolidated statement of changes in equity for the year ended December 31, 2012………………… 6

Consolidated statement of changes in equity for the year ended December 31, 2013………………… 7

Consolidated statement of cash flows……………………………………………………………… 8

Notes to consolidated financial statements………………………………………………………… 9

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of **SAVARIA CORPORATION (the "Corporation")** are the responsibility of management and have been approved by the Board of Directors.

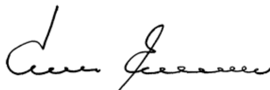
These consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards and necessarily include some amounts that are based on management's best estimates and judgements.

To discharge its responsibilities, the Corporation has developed and maintains systems of internal controls and has established policies and procedures adapted to the industry in which it operates. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Corporation's assets are appropriately accounted for and adequately

The Board of Directors must ensure that management fulfils its financial reporting responsibilities and is ultimately responsible for reviewing and approving the consolidated financial statements. The Audit Committee meets regularly with management to discuss the internal controls over the financial reporting process and financial reporting issues. The Committee also reviews the annual consolidated financial statements and the external auditors' report, and reports its findings to the Board for consideration when approving the consolidated financial statements for issuance to the Corporation's shareholders. The auditors appointed by the shareholders have full access to the Audit Committee, with or without management being present.

The consolidated financial statements as at December 31, 2013 and 2012 and for the years then ended have been audited by the auditors appointed by the shareholders, KPMG LLP.

Marcel Bourassa
Chairman of the Board and Chief Executive Officer



Jean-Marie Bourassa, CPA, CA
Chief Financial Officer

Laval (Quebec) Canada
March 24, 2014

KPMG LLP
600 de Maisonneuve Blvd. West
Suite 1500
Tour KPMG
Montréal (Québec) H3A 0A3

Telephone (514) 840-2100
Fax (514) 840-2187
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Savaria Corporation:

We have audited the accompanying consolidated financial statements of Savaria Corporation, which comprise the consolidated statements of financial position as at December 31, 2013 and December 31, 2012, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
KPMG Canada provides services to KPMG LLP.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Savaria Corporation as at December 31, 2013 and December 31, 2012, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG LLP*

March 24, 2014

Montréal, Canada

*CPA auditor, CA, public accountancy permit No. A115894

SAVARIA CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31,
(in thousands of dollars)

	Note	2013	2012
Assets			
Current assets			
Cash	4	**$ 1,968**	$ 1,993
Trade and other receivables	5	**11,711**	11,592
Current portion of long-term loans	7	**111**	410
Tax credits receivable		**394**	487
Inventories	6	**14,179**	12,800
Prepaid expenses		**537**	538
Current portion of long-term investments	11	**-**	636
Total current assets		**28,900**	28,456
Non-current assets			
Tax credits receivable		**14**	378
Long-term loans	7	**78**	125
Fixed assets	8	**12,302**	11,792
Goodwill	9	**4,051**	4,051
Intangible assets	10	**1,679**	2,138
Long-term investments	11	**-**	829
Deposit on purchase of intangible and fixed assets		**29**	125
Deferred tax assets	21	**1,960**	1,486
Total non-current assets		**20,113**	20,924
Total assets		**$ 49,013**	$ 49,380
Liabilities			
Current liabilities			
Trade and other payables	13	**$ 7,413**	$ 7,518
Income taxes payable		**775**	234
Deferred revenues		**1,584**	2,062
Derivative financial instruments	25 (D)	**1,113**	117
Current portion of long-term debt	14	**2,864**	3,619
Warranty provisions	15	**402**	356
Total current liabilities		**14,151**	13,906
Non-current liabilities			
Long-term debt	14	**12,731**	15,464
Warranty provisions	15	**598**	463
Derivative financial instruments	25 (D)	**1,146**	174
Deferred tax liabilities	21	**154**	149
Total non-current liabilities		**14,629**	16,250
Total liabilities		**28,780**	30,156
Equity			
Share capital	16	**13,969**	13,313
Contributed surplus		**2,079**	2,141
Accumulated other comprehensive (loss) income		**(1,314)**	306
Retained earnings		**5,499**	3,464
Total equity		**20,233**	19,224
Total liabilities and equity		**$ 49,013**	$ 49,380

The notes on pages 9 to 48 are an integral part of these audited consolidated financial statements.

SAVARIA CORPORATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the years ended December 31,
(in thousands of dollars, except per share amounts)

	Note	2013	2012
Revenue	17	**$ 75,739**	$ 66,734
Cost of sales		**(53,484)**	(48,679)
Gross margin		**22,255**	18,055
Operating costs			
Administrative expenses		**(6,764)**	(6,613)
Selling expenses		**(5,588)**	(5,331)
Engineering expenses		**(2,101)**	(1,455)
Research and development expenses		**(632)**	(736)
		(15,085)	(14,135)
Other income (costs)	19	**339**	(990)
Operating income		**7,509**	2,930
Finance income	20	**621**	116
Finance costs	20	**(911)**	(897)
Net finance costs		**(290)**	(781)
Income before income tax		**7,219**	2,149
Income tax expense	21	**(1,920)**	(571)
Net income		**5,299**	1,578
Other comprehensive income			
Items that may be reclassified subsequently to income or loss			
Change in the fair value of derivative financial instruments designated as cash flow hedges		**(2,340)**	575
Deferred income tax		**589**	(141)
		(1,751)	434
Gains on foreign exchange contracts transferred to net income in the current year		**(19)**	(1,041)
Deferred income tax		**5**	263
		(14)	(778)
Net change in fair value of derivative financial instruments designated as cash flow hedges		**(1,765)**	(344)
Unrealized net gains (losses) on translation of financial statements of foreign operations		**145**	(15)
Other comprehensive loss, net of income tax		**(1,620)**	(359)
Total comprehensive income		**$ 3,679**	$ 1,219
Earnings per share:	22		
Basic		**$ 0.23**	$ 0.07
Diluted		**$ 0.23**	$ 0.07

The notes on pages 9 to 48 are an integral part of these audited consolidated financial statements.

SAVARIA CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended December 31,
(in thousands of dollars)

	2012					
	Share capital		Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Total equity
	Number	Amount				
Balance at January 1, 2012	**22,880,864**	**$ 13,260**	**$ 2,114**	**$ 665**	**$ 4,106**	**$ 20,145**
Total comprehensive income						
Net income	-	-	-	-	1,578	**1,578**
Other comprehensive income :						
Change in the fair value of derivative financial instruments designated as cash flow hedges, net of tax	-	-	-	434	-	**434**
Gains on foreign exchange contracts transferred to net income in the current year, net of tax	-	-	-	(778)	-	**(778)**
Unrealized net losses on translation of financial statements of foreign operations	-	-	-	(15)	-	**(15)**
Other comprehensive loss	-	-	-	(359)	-	**(359)**
Total comprehensive (loss) income	-	$ -	$ -	$ (359)	$ 1,578	**$ 1,219**
Transactions with owners, recorded directly in equity (notes 16 (A) and 24)						
Cancelled shares following issuer bid	(53,800)	(31)	-	-	(45)	**(76)**
Compensation expense on options granted	-	-	45	-	-	**45**
Share options exercised	82,500	84	(18)	-	-	**66**
Dividend on common shares	-	-	-	-	(2,175)	**(2,175)**
Total transactions with owners	28,700	53	27	-	(2,220)	**(2,140)**
Balance at December 31, 2012	**22,909,564**	**$ 13,313**	**$ 2,141**	**$ 306**	**$ 3,464**	**$ 19,224**

The notes on pages 9 to 48 are an integral part of these audited consolidated financial statements.

SAVARIA CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended December 31,
(in thousands of dollars)

	2013					
	Share capital		Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Total equity
	Number	Amount				
Balance at January 1, 2013	**22,909,564**	**$ 13,313**	**$ 2,141**	**$ 306**	**$ 3,464**	**$ 19,224**
Total comprehensive income						
Net income	-	-	-	-	5,299	**5,299**
Other comprehensive income :						
Change in the fair value of derivative financial instruments designated as cash flow hedges, net of tax	-	-	-	(1,751)	-	**(1,751)**
Gains on foreign exchange contracts transferred to net income in the current year, net of tax	-	-	-	(14)	-	**(14)**
Unrealized net gains on translation of financial statements of foreign operations	-	-	-	145	-	**145**
Other comprehensive loss	-	-	-	(1,620)	-	**(1,620)**
Total comprehensive (loss) income	-	$ -	$ -	$ (1,620)	$ 5,299	**$ 3,679**
Transactions with owners, recorded directly in equity (notes 16 (A) and 24)						
Cancelled shares following issuer bid	(6,200)	(4)	-	-	(6)	**(10)**
Compensation expense on options granted	-	-	36	-	-	**36**
Share options exercised	507,500	660	(98)	-	-	**562**
Dividends on common shares	-	-	-	-	(3,258)	**(3,258)**
Total transactions with owners	501,300	656	(62)	-	(3,264)	**(2,670)**
Balance at December 31, 2013	**23,410,864**	**$ 13,969**	**$ 2,079**	**$ (1,314)**	**$ 5,499**	**$ 20,233**

The notes on pages 9 to 48 are an integral part of these audited consolidated financial statements.

SAVARIA CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
For the years ended December 31,
(in thousands of dollars)

	Note	2013	2012
Cash flows from operating activities			
Net income		**$ 5,299**	$ 1,578
Adjustments for:			
Depreciation of fixed assets	*8*	**831**	789
Amortization of intangible assets	*10*	**765**	752
Change in the fair value of restructured notes and put option		**172**	(86)
Gain on the settlement of a debt		**(275)**	-
Income tax expense	*21*	**1,920**	571
Capitalized finance costs on long-term debt		**44**	174
Compensation expense on share options granted	*24*	**36**	45
Foreign exchange contracts cashed in advance		**-**	786
Gains on foreign exchange contracts transferred to net income		**(391)**	(834)
Loss on the sale and write-off of fixed assets		**12**	20
Unrealized foreign exchange loss (gain) on non-current monetary items		**154**	(46)
Interest cost		**695**	654
		9,262	4,403
Net changes in non-cash operating items	*23 (A)*	**(2,351)**	418
Proceeds from long-term loans		**398**	322
Income tax paid		**(340)**	(289)
Net cash from operating activities		**6,969**	4,854
Cash flows used in investing activities			
Receipts of long-term investments		**25**	84
Change in restricted cash		**-**	1,100
Proceeds from sales of fixed assets		**21**	32
Deposit on purchase of intangible and fixed assets		**(29)**	(125)
Additions to fixed assets	*8*	**(1,089)**	(10,894)
Increase in intangible assets	*10*	**(387)**	(178)
Net cash used in investing activities		**(1,459)**	(9,981)
Cash flows (used in) from financing activities			
Change in bank loans		**-**	(75)
Increase in long-term debt		**564**	16,664
Repayment of borrowings		**(2,691)**	(10,484)
Interest paid		**(695)**	(657)
Transaction costs related to a long-term debt		**(7)**	(74)
Repurchase of common shares		**(10)**	(76)
Proceeds from exercise of share options		**562**	66
Dividends paid on common shares	*16 (C)*	**(3,258)**	(2,175)
Net cash (used in) from financing activities		**(5,535)**	3,189
Net change in cash		**(25)**	(1,938)
Cash at January 1		**1,993**	3,931
Cash at December 31		**$ 1,968**	$ 1,993

The notes on pages 9 to 48 are an integral part of these audited consolidated financial statements.

		PAGE
1 .	Reporting entity	10
2 .	Basis of presentation	10
3 .	Significant accounting policies	10
4 .	Cash	22
5 .	Trade and other receivables	23
6 .	Inventories	23
7 .	Long-term loans	23
8 .	Fixed assets	24
9 .	Goodwill	25
10 .	Intangible assets	26
11 .	Long-term investments	27
12 .	Bank loans	27
13 .	Trade and other payables	28
14 .	Long-term debt	28
15 .	Warranty provisions	30
16 .	Capital and other components of equity	30
17 .	Revenue	31
18 .	Personnel expenses	31
19 .	Other income (costs)	31
20 .	Finance income and finance costs	31
21 .	Tax	32
22 .	Earnings per share	34
23 .	Cash flows	35
24 .	Share-based payments	35
25 .	Financial instruments	36
26 .	Commitments	44
27 .	Determination of fair values	44
28 .	Government assistance	45
29 .	Operating segments	46
30 .	Contingencies	47
31 .	Related parties	47
32 .	Subsequent event	48

1 . Reporting entity

Savaria Corporation is a company domiciled in Canada. The address of its registered office is 2724 Etienne-Lenoir Street, Laval, Quebec. The consolidated financial statements of the Corporation as at and for the years ended December 31, 2013 and 2012 comprise the accounts of Savaria Corporation and its wholly-owned subsidiaries (together referred to as the "Corporation"). The activities of the Corporation consist of designing, manufacturing, installing and distributing elevators, platform lifts and stairlifts for people with mobility challenges as well as converting and adapting vans also for persons with mobility challenges.

2 . Basis of presentation

(A) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of annual financial statements.

These consolidated financial statements have been audited by the Corporation's auditors and were approved by the Board of Directors on March 24, 2014.

(B) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments that are measured at fair value in the consolidated statement of financial position.

(C) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Corporation’s functional currency.

(D) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment are the goodwill (note 9), the measurement of the fair value of the financial instruments (note 25), including derivatives, and deferred tax.

3 . Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

(A) Basis of consolidation

All subsidiaries are entities owned at 100% by the Corporation. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed, when necessary, to align them with the policies adopted by the Corporation.

3 . Significant accounting policies (continued)

(A) Basis of consolidation (continued)

Subsidiaries

Savaria Concord Lifts Inc. ("Savaria Concord")
Concord Elevator Holdings Inc. - inactive
Freedom Motors Inc. ("Freedom")
Savaria (Huizhou) Mechanical Equipment Manufacturing Co., LTD ("Savaria Huizhou")
Savaria Lifts Ltd. ("Savaria Lifts")
Savaria Sales, Installation and Service Inc. (formerly Concord Elevator (London) Ltd.) ("Savaria Sales")
Savaria USA Inc. ("Savaria USA")
Van-Action (2005) Inc. ("Van-Action")

Intercompany balances and transactions, and any unrealized revenue and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

(B) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Corporation entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising from those retranslations are recognized in net income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Canadian dollars at exchange rates at the reporting date. The revenue and expenses of foreign operations are translated to Canadian dollars at the average exchange rate for the period.

Foreign currency differences are recognized in other comprehensive income in the cumulative translation account.

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

(C) Financial instruments

(i) Non-derivative financial assets and liabilities

The Corporation classifies its financial instruments by category according to their nature and their characteristics. Management determines the classification upon initial recognition which is normally at the time of purchase.

All revenues and charges related to financial instruments are presented as part of Finance income and Finance costs.

3 . Significant accounting policies (continued)

(C) Financial instruments (continued)

Financial assets at fair value through net income

A financial asset is classified at fair value through net income when it is classified as held for trading or if designated as such upon initial recognition. Financial assets are designated at fair value through net income if embedded derivatives modify significantly the fair value of the host contract. Upon initial recognition, attributable transaction costs are recognized in net income as incurred. Financial assets at fair value through net income are measured at fair value, and changes therein are recognized in net income. This item included the long-term investments in restructured notes and the put option.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash, trade and other receivables, and long-term loans.

Cash consists of bank balances and bank loans used in cash management.

Trade receivables are occasionnally renegotiated as long-term loans. In these cases, the Corporation requires sufficient securities and personal guarantees to cover the amount of the loan.

(ii) Other financial liabilities

Other financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Corporation derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Corporation has the following other financial liabilities: bank loans, trade and other payables and long-term debt.

(iii) Derivative financial instruments, including hedge accounting

Derivative financial instruments are recognized initially at fair value; attributable transaction costs are recognized in net income as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

The Corporation holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

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

3 . Significant accounting policies (continued)

(C) Financial instruments (continued)

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect net income, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in unrealized gains/losses on cash flow hedges in equity. The amount recognized in other comprehensive income is removed and included in net income in the same period as the hedged cash flows affect net income under the same line item in the statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in net income as finance income or finance costs.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income and presented in unrealized gains/losses on cash flow hedges in equity remains there until the forecast transaction affects net income. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in net income.

Separable embedded derivatives

Embedded derivatives are separated from the host contract and accounted for separately if: (i) the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract, (ii) a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and (iii) the combined instrument is not measured at fair value through net income.

Changes in the fair value of separable embedded derivatives are recognized immediately in net income.

(iv) Fair value measurements

Fair value measurements are based on a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities.

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly including inputs and quoted prices in markets that are not considered to be active;
- Level 3 – Inputs that are not based on observable market data.

(D) Share capital

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

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity.

(E) Fixed assets

(i) Recognition and measurement

Items of fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of fixed assets have different useful lives, they are accounted for as separate items (major components) of fixed assets.

3 . Significant accounting policies (continued)

(E) Fixed assets (continued)

Gains and losses on disposal of an item of fixed assets are determined by comparing the proceeds from disposal with the carrying amount of fixed assets and are recognized within other income (costs) in net income.

(ii) Subsequent costs

The cost of replacing a part of an item of fixed assets is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of fixed assets are recognized in net income as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in net income on a straight-line basis over the estimated useful lives of each part of an item of fixed assets, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Corporation will obtain ownership by the end of the lease term.

The estimated useful lives are as follows:

· Building	35 years
· Major components related to the building	4 to 26 years
· Machinery and equipment	5 to 15 years
· Office furniture	5 to 10 years
· Rolling stock	5 to 10 years
· Computer hardware	3 to 5 years
· Leasehold improvements	Terms of the leases

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(F) Goodwill and intangible assets

Intangible assets consist of trademarks, client lists, distribution licences, maintenance contracts, software and deferred development costs.

(i) Goodwill

Initial measurement

Goodwill that arises upon a business acquisition is measured at initial recognition as the fair value of the consideration transferred less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in net income.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. The Corporation assesses periodically whether a provision for impairment in the value of goodwill should be recorded against net income. Goodwill is not amortized, rather it is tested for impairment annually on December 31, and when an event or circumstance occurs that could potentially result in a permanent decline in value.

3 . Significant accounting policies (continued)

(F) Goodwill and intangible assets (continued)

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognized in net income as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Corporation intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognized in net income as incurred.

Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses. Research and development tax credits are recorded against deferred development costs when they are related to deferred costs. All other tax credits are recorded against the expenses that they relate to.

(iii) Amortization

Intangible assets that have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in net income on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

· Trademarks	5 years
· Client lists	5 to 10 years
· Distribution licences	5 years
· Maintenance contracts	5 to 10 years
· Leases at favourable rate	Terms of the leases
· Software	5 years
· Deferred development costs	3 years

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(G) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is determined on the first-in first-out basis, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in process, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(H) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through net income is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

3 . Significant accounting policies (continued)

(H) Impairment (continued)

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Corporation on terms that the Corporation would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security.

Loans and receivables

The Corporation considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Corporation uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of 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. Losses are recognized in net income and reflected in an allowance account against the asset. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net income.

(ii) Non-financial assets

The carrying amounts of the Corporation's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time, or more frequently if an indicator of impairment should occur.

The recoverable amount of an asset or cash-generating unit ("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 or CGU. 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 CGUs. For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. Each CGU or group of CGUs to which goodwill is allocated must represent the lowest level at which the goodwill is monitored for internal management purposes and mustn't be, before allocating the goodwill, larger than an operating segment.

The Corporation's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net income. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

3 . Significant accounting policies (continued)

(H) Impairment (continued)

An impairment loss in respect of goodwill is not reversed. In respect of 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 is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(I) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in net income in the periods during which services are rendered by employees.

(ii) Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees and directors is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees and directors unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

(J) 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(K) Revenues

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized. Given that most products are custom made, goods, generally, may not be returned.

(ii) Installation and maintenance contracts

Revenues from installation contracts are recognized using the percentage-of-completion method based on installation costs incurred versus projected costs. Revenues from maintenance contracts are recognized on a straight-line basis according to the avancement of the contract period. Unrecognized revenues are recorded as deferred revenues.

3 . Significant accounting policies (continued)

(K) Revenues (continued)

When more than one product or service is provided to a customer under one arrangement, the Corporation allocates revenue to each element of the arrangement based on the relative selling price as determined using the Corporation's best estimate of the selling price for that deliverable. Each element of the arrangement is recognized as described above.

(L) Lease payments

Payments made under operating leases are recognized in net income on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(M) Finance income and finance costs

Finance income comprises interest income on funds invested, fair value gain on financial assets at fair value through net income, and gains on ineffective portion of hedging instruments that are recognized in net income. Interest income is recognized as it accrues in net income, using the effective interest method.

Finance costs comprise interest expense on bank loans and long-term debt, fair value loss on financial assets at fair value through net income, impairment losses recognized on financial assets, and losses on ineffective portion of hedging instruments that are recognized in net income. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in net income using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(N) Tax

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

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable net income, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse using tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but it is our intent to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

3 . Significant accounting policies (continued)

(N) Tax (continued)

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

(O) Earnings per share

Basic net earnings per share is calculated by dividing net income applicable to common shares by the weighted average number of shares outstanding during the period. Diluted net earnings per share is calculated by dividing net income applicable to common shares by the weighted average number of shares used in the basic earnings per share calculation plus the weighted number of common shares that would be issued, assuming that all potentially dilutive stock options outstanding were exercised using the treasury stock method.

(P) Segment reporting

An operating segment is a component of the Corporation that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Corporation’s other components. All operating segments’ operating results are reviewed regularly by the Corporation’s Chief Executive Officer ("CEO") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated amounts comprise mainly assets, including the Corporation's building, liabilities and head office expenses, such as depreciation, finance costs, income tax and other corporate expenses.

Segment capital expenditure is the total cost incurred during the period to acquire fixed assets and intangible assets.

(Q) New accounting standards and interpretations

The following new standards, and amendments to standards and interpretations have been applied in preparing the consolidated financial statements as at December 31, 2013. The adoption of these new standards has not had a material impact on the consolidated financial statements.

IFRS 10 - *Consolidated Financial Statements*

IFRS 10 replaces the guidance in IAS 27, *Consolidated and Separate Financial Statements,* and SIC-12, *Consolidation – Special Purpose Entities ("SPE")*. IAS 27 (2008) survives as IAS 27 (2011), *Separate Financial Statement*, only to carry forward the existing accounting requirements for separate financial statements.

IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 (2008).

IFRS 13 - *Fair Value Measurement*

IFRS 13 replaces the fair value measurement guidance contained in individual IFRS with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables consolidated financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on net income or other comprehensive income.

3 . Significant accounting policies (continued)

(Q) New accounting standards and interpretations (continued)

IFRS 13 explains 'how' to measure fair value when it is required or permitted by other IFRS. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

Amendments to IAS 1 - *Presentation of Financial Statements*

The amendments require that an entity presents separately the items of other comprehensive income ("OCI") that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. Consequently, an entity that presents items of OCI before related tax effects will also have to allocate the aggregated tax amount between these categories.

The existing option to present the profit or loss and other comprehensive income in two statements has remained unchanged.

Amendments to IAS 19 - *Employee Benefits*

The amendments have an impact on termination benefits, which would now be recognized at the earlier of when the entity recognizes costs for a restructuring within the scope of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* and when the entity can no longer withdraw the offer of the termination benefits.

(R) New standards and interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2013, and have not been applied in preparing these consolidated financial statements.

IFRS 9 - *Financial Instruments*

In November 2009, the International Accounting Standards Board ("IASB") issued IFRS 9, *Financial Instruments* (IFRS 9 (2009)), and in October 2010, the IASB published amendments to IFRS 9 (IFRS 9 (2010)). In November 2013, the IASB issued a new general hedge accounting standard, which forms part of IFRS 9, *Financial Instruments* (2013). The new standard removes the January 1, 2015 effective date of IFRS 9. The new mandatory effective date will be determined once the classification and measurement and impairment phases of IFRS 9 are finalized.

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additional changes relating to financial liabilities. IFRS 9 (2013) includes a new general hedge accounting standard which will align hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness. However it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Special transitional requirements have been set for the application of the new general hedging model.

The Corporation intends to adopt IFRS 9 (2009), IFRS 9 (2010) and/or IFRS 9 (2013) in its consolidated financial statements for the annual period beginning on January 1, 2014. The extent of the impact of adoption of IFRS 9 (2013) has not yet been determined.

3 . **Significant accounting policies (continued)**

(R) New standards and interpretations not yet adopted (coninued)

Amendments to IAS 32 - *Offsetting Financial Assets and Liabilities*

In December 2011, the IASB published *Offsetting Financial Assets and Financial Liabilities*. The effective date for the amendments to IAS 32 is annual periods beginning on or after January 1, 2014. These amendments are to be applied retrospectively.

The amendments to IAS 32 clarify that an entity currently has a legally enforceable right to set-off if that right is:

- not contingent on a future event; and
- enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The amendments to IAS 32 also clarify when a settlement mechanism provides for net settlement or gross settlement that is equivalent to net settlement.

The Corporation intends to adopt the amendments to IAS 32 in its consolidated financial statements for the annual period beginning January 1, 2014. The Corporation does not expect the amendments to have a material impact on the consolidated financial statements.

Amendments to IAS 36 - *Recoverable Amount Disclosures for Non-Financial Assets*

In May 2013, the IASB issued *Recoverable Amount Disclosures for Non-Financial Assets* (amendments to IAS 36) to reverse the unintended requirement in IFRS 13, *Fair Value Measurement,* to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed.

The amendments are applied restrospectively to the annual periods beginning on January 1, 2014, but early adoption is recommended in order to avoid the involuntary disclosure requirements brought upon by the issuing of IFRS 13.

The Corporation decided on early adoption of the amendments in its consolidated financial statements for the annual period beginning on January 1, 2013 and will not provide additionnal information on the recoverable amount of each cash generating unit to which a significant goodwill or intangible assets with indefinite useful lives have been allocated because no impairment or reversal of impairment has been recognized.

Amendments to IAS 39 - *Novation of Derivatives and Continuation of Hedge Accounting*

In June 2013, the IASB issued *Novation of Derivatives and Continuation of Hedge Accounting* (amendments to IAS 39). The amendments are effective for annual periods beginning on or after January 1, 2014.

The amendments add a limited exception to IAS 39 to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

The Corporation intends to adopt the amendments in its consolidated financial statements for the annual period beginning January 1, 2014. The Corporation does not expect the amendments to have a material impact on the consolidated financial statements.

3 . Significant accounting policies (continued)

(R) New standards and interpretations not yet adopted (continued)

IFRIC 21 - *Levies*

In May 2013, the IASB issued IFRIC 21, *Levies*. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014 and is to be applied retrospectively.

IFRIC 21 provides guidance on accounting for levies in accordance with the requirements of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It also notes that levies do not arise from executory contracts or other contractual arrangements. The interpretation also confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs.

The Corporation intends to adopt IFRIC 21 in its consolidated financial statements for the annual period beginning January 1, 2014. The Corporation does not expect the amendments to have a material impact on the consolidated financial statements.

***Annual Improvements to IFRS* 2010 – 2012 and 2011 – 2013 cycles**

In December 2013, the IASB issued narrow-scope amendments to a total of nine standards as part of its annual improvements process. The IASB uses the annual improvements process to make non-urgent but necessary amendments to IFRS. Most amendments will apply prospectively for annual periods beginning on or after July 1, 2014. Earlier application is permitted, in which case, the related consequential amendments to other IFRS would also apply.

Amendments were made to clarify the following in their respective standards:

- Definition of “vesting condition” in IFRS 2, *Share-based payment*;
- Classification and measurement of contingent consideration, and scope exclusion for the formation of joint arrangements in IFRS 3, *Business Combinations*;
- Disclosures on the aggregation of operating segments in IFRS 8, *Operating segments*;
- Measurement of short-term receivables and payables, and scope of portfolio exception in IFRS 13, *Fair Value Measurement*;
- Restatement of accumulated depreciation (amortization) on revaluation in IAS 16, *Property, Plant and Equipment,* and IAS 38, *Intangible Assets*;
- Definition of “related party” in IAS 24, *Related Party Disclosures*; and
- Inter-relationship of IFRS 3 and IAS 40 in IAS 40, *Investment Property*.

Special transitional requirements have been set for amendments to IFRS 2, IAS 16, IAS 38 and IAS 40.

The Corporation intends to adopt these amendments in its consolidated financial statements for the annual period beginning on January 1, 2015. The Corporation does not expect the amendments to have a material impact on the consolidated financial statements.

4 . Cash

	2013	2012
Bank balances	**$ 1,968**	$ 5,218
Bank loans used in cash management (note 12)	**-**	(3,225)
Cash	**$ 1,968**	**$ 1,993**

Following the implementation of a process under which Canadian dollar bank accounts of the parent company and its subsidiairies are consolidated, debit and credit balances are presented in Cash on a net basis.

5 . Trade and other receivables

	2013		2012	
Trade receivables	**$**	**11,471**	$	11,430
Less: Allowance for doubtful accounts		**(672)**		(700)
	$	**10,799**	$	10,730
Sales taxes recoverable		**775**		593
Other receivables		**137**		269
	$	**11,711**	**$**	**11,592**

The Corporation's exposure to credit and currency risks, and impairment losses related to trade and other receivables is disclosed in note 25.

6 . Inventories

	2013		2012	
Raw materials and sub-assembly components	**$**	**11,609**	$	10,707
Work in process		**418**		392
Finished goods		**2,152**		1,701
	$	**14,179**	**$**	**12,800**

In 2013, raw materials, sub-assembly components and changes in work in process and finished goods recognized as cost of sales amounted to $48,200,000 (2012-$44,815,000). In 2013, the write-down of inventories to net realizable value amounted to $158,000 (2012-$80,000) and the reversal of write-downs amounted to $114,000 (2012-$29,000). The write-down and reversal are included in cost of sales.

As of December 31, 2013 and 2012, all of the above inventory was pledged as security for liabilities.

7 . Long-term loans

	2013		2012	
The long-term loan is part of an exclusive distribution agreement for the Corporation's products with a US company. The original amount of the loan is $213,000 (US$200,000). The balance of the loan as at December 31, 2013 is $42,000 (US$40,000, 2012-US$60,000). The loan is without interest and is payable in ten annual instalments beginning in June 2006.	**$**	**42**	$	60
The long-term loan is part of a distribution agreement for the Corporation's products with a US company. The original amount of the loan is $319,000 (US$300,000) of which $80,000 (US$75,000) is the result of a transfer from accounts receivable. The balance of the loan as at December 31, 2013 is $50,000 (US$47,000, 2012-US$120,000). The loan is without interest, if sales volume objectives are met, and is payable in twelve monthly instalments of $5,000 (US$5,000) followed by 36 monthly instalments of $7,000 (US$7,000) beginning in July 2010.		**50**		119
The long-term loan is part of a distribution agreement for the Corporation's products with a US company. The original amount of the loan is $45,000 (US$42,000) which is the result of a transfer from accounts receivable. The balance of the loan as at December 31, 2013 is $34,000 (US$32,000). The loan is without interest and is payable in twelve monthly instalments of $4,000 (US$4,000) beginning in October 2013.		**34**		-
The long-term loan is part of an exclusive distribution agreement for the Corporation's products with a Chinese company. The original amount of the loan is $25,000 (RMB140,000). The balance of the loan as at December 31, 2013 is $6,000 (RMB35,000, 2012-RMB70,000). The loan is without interest and is payable in four annual instalments beginning in December 2011.		**6**		11
The long-term loan is part of a distribution agreement for the Corporation's products with a US company. The original amount of the loan is $346,000 (US$325,000) which is the result of a transfer from accounts receivable. The loan beared interest at a rate of 5% and was payable in eighteen monthly instalments of $20,000 (US$19,000) beginning in January 2012.		**-**		110

7 . Long-term loans (continued)

	2013	2012
The long-term loan is part of a distribution agreement for the Corporation's products with a US company. The original amount of the loan is $208,000 (US$196,000) which is the result of a transfer from accounts receivable. The loan was without interest and was payable in six monthly instalments of $13,000 (US$12,000) followed by four monthly instalments of $33,000 (US$31,000) beginning in January 2013.	**-**	195
Others	**57**	40
	$ 189	$ 535
Current	**$ 111**	$ 410
Non-current	**78**	125
	$ 189	**$ 535**

8 . Fixed assets

	Cost					
	Balance at January 1	Additions [1]	Disposals	Write-offs	Effect of movements in exchange rates	Balance at December 31
2012						
Land	$ -	$ 4,134	$ -	$ -	$ -	$ 4,134
Building	-	6,165	-	-	-	6,165
Machinery and equipment	3,662	396	(115)	-	(1)	3,942
Office furniture	441	46	(74)	-	-	413
Rolling stock	658	123	(87)	-	-	694
Computer hardware	479	11	-	-	-	490
Leasehold improvements	1,682	19	-	(1,488)	(1)	212
	$ 6,922	**$ 10,894**	**$ (276)**	**$ (1,488)**	**$ (2)**	**$ 16,050**
2013						
Land	**$ 4,134**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 4,134**
Building	**6,165**	**124**	**-**	**-**	**-**	**6,289**
Machinery and equipment	**3,942**	**644**	**(84)**	**-**	**20**	**4,522**
Office furniture	**413**	**26**	**(89)**	**-**	**2**	**352**
Rolling stock	**694**	**194**	**(58)**	**-**	**4**	**834**
Computer hardware	**490**	**104**	**(121)**	**-**	**4**	**477**
Leasehold improvements	**212**	**253**	**-**	**(107)**	**17**	**375**
	$ 16,050	**$ 1,345**	**$ (352)**	**$ (107)**	**$ 47**	**$ 16,983**

	Depreciation					
	Balance at January 1	Depreciation expense	Disposals	Write-offs	Effect of movements in exchange rates	Balance at December 31
2012						
Building	$ -	$ 134	$ -	$ -	$ -	$ 134
Machinery and equipment	2,825	279	(102)	-	-	3,002
Office furniture	272	49	(68)	-	-	253
Rolling stock	204	138	(54)	-	-	288
Computer hardware	367	49	-	-	-	416
Leasehold improvements	1,513	140	-	(1,488)	-	165
	$ 5,181	**$ 789**	**$ (224)**	**$ (1,488)**	**$ -**	**$ 4,258**

8 . Fixed assets (continued)

	Depreciation					
	Balance at January 1	Depreciation expense	Disposals	Write-offs	Effect of movements in exchange rates	Balance at December 31
2013						
Building	$ 134	$ 283	$ -	$ -	$ -	$ 417
Machinery and equipment	3,002	267	(80)	-	8	3,197
Office furniture	253	59	(89)	-	1	224
Rolling stock	288	145	(44)	-	3	392
Computer hardware	416	45	(121)	-	2	342
Leasehold improvements	165	32	-	(92)	4	109
	$ 4,258	$ 831	$ (334)	$ (92)	$ 18	$ 4,681

	Carrying amount at December 31	
	2013	2012
Land	$ 4,134	$ 4,134
Building	5,872	6,031
Machinery and equipment	1,325	940
Office furniture	128	160
Rolling stock	442	406
Computer hardware	135	74
Leasehold improvements	266	47
	$ 12,302	$ 11,792

(1) See note 23 (B) regarding non-cash transactions

As at December 31, 2013, machinery and equipment, office furniture and computer hardware included assets under finance leases with a net value of $13,000 (2012-nil), $66,000 (2012-$67,000) and $39,000 (2012-$21,000), respectively.

Depreciation

Depreciation is recognized in cost of sales, administrative expenses, selling expenses, engineering expenses and research and development expenses.

9 . Goodwill

Impairment testing for CGUs containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Corporation's operating divisions which represent the Corporation's operating segments.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	2013	2012
Accessibility	$ 3,435	$ 3,435
Adapted vehicles	616	616
	$ 4,051	$ 4,051

The recoverable amount of these CGUs are based on their values in use. They have been determined to be higher than their carrying amounts.

9 . Goodwill (continued)

Values in use are determined by discounting the future cash flows generated from the CGUs. Values in use in 2013 have been determined similarly as in 2012. The calculation of the values in use are based on the following key assumptions:

· Cash flows are projected over a period of five years based on past experience and actual operating results using a constant growth rate of 2% (2012-2%) for the Accessibility segment, and nil for the Adapted vehicles segment;

· The anticipated annual revenue growth included in the cash flow projections are based on the business plan;

· A high and low pre-tax discount rate of 14% and 12,6% (2012-12.1% and 11%) is applied in determining the recoverable amount of the unit. The discount rate used is based on past experience and industry average weighted average cost of capital, which is based on a possible range of debt leveraging of 34% at a market interest rate of 3.5%;

· The values assigned to the key assumptions represent management's assessment of future trends in the accessibility industry and are based on both external sources and internal sources (historical data).

10 . Intangible assets

	Cost				
	Balance at January 1	Additions [1]	Additions internally developed [1]	Write-offs	Balance at December 31
2012					
Trademarks	$ 300	$ -	$ -	$ -	$ 300
Client lists	1,821	-	-	-	1,821
Distribution licences	322	-	-	-	322
Maintenance contracts	870	-	-	-	870
Leases at favourable rate	17	-	-	-	17
Software	568	3	-	-	571
Deferred development costs	1,028	-	90	(150)	968
	$ 4,926	**$ 3**	**$ 90**	**$ (150)**	**$ 4,869**
2013					
Trademarks	**$ 300**	**$ -**	**$ -**	**$ -**	**$ 300**
Client lists	**1,821**	**-**	**-**	**-**	**1,821**
Distribution licences	**322**	**-**	**-**	**-**	**322**
Maintenance contracts	**870**	**-**	**-**	**-**	**870**
Leases at favourable rate	**17**	**-**	**-**	**(17)**	**-**
Software	**571**	**103**	**-**	**(7)**	**667**
Deferred development costs	**968**	**-**	**203**	**-**	**1,171**
	$ 4,869	**$ 103**	**$ 203**	**$ (24)**	**$ 5,151**

	Amortization				Carrying amount at December 31
	Balance at January 1	Amortization expense	Write-offs	Balance at December 31	
2012					
Trademarks	$ 60	$ 60	$ -	$ 120	$ 180
Client lists	838	269	-	1,107	714
Distribution licences	102	64	-	166	156
Maintenance contracts	158	87	-	245	625
Leases at favourable rate	11	6	-	17	-
Software	486	42	-	528	43
Deferred development costs	474	224	(150)	548	420
	$ 2,129	**$ 752**	**$ (150)**	**$ 2,731**	**$ 2,138**

10 . Intangible assets (continued)

	Amortization				Carrying amount at December 31
	Balance at January 1	Amortization expense	Write-offs	Balance at December 31	
2013					
Trademarks	$ 120	$ 60	$ -	$ 180	$ 120
Client lists	1,107	270	-	1,377	444
Distribution licences	166	65	-	231	91
Maintenance contracts	245	87	-	332	538
Leases at favourable rate	17	-	(17)	-	-
Software	528	52	(7)	573	94
Deferred development costs	548	231	-	779	392
	$ 2,731	$ 765	$ (24)	$ 3,472	$ 1,679

[(1)] See note 23 (B) regarding non-cash transactions

As at December 31, 2013, sofware included assets under finance leases with a net value of $32,000 (2012-nil).

Amortization

Amortization is recognized in cost of sales, administrative expenses, selling expenses, engineering expenses and research and development expenses.

11 . Long-term investments

	2013	2012
Restructured notes (face value of $1,744,000 at December 31, 2012)	$ -	$ 1,401
Put option	-	64
	$ -	$ 1,465
Current	$ -	$ 636
Non-current	-	829
	$ -	$ 1,465

In April 2013, the Corporation exercised its option allowing it to assign ownership of its ineligible asset tracking notes to its financial institution in payment of portion A of the related loan, and also assigned its MAV 2 notes. In order to settle the remaining balance of the two related loans with a carrying value of $1,817,000, it also disbursed a sum of $274,000. As a result, a net gain, before income tax, of $65,000 was recognized in Finance income in the second quarter of 2013.

12 . Bank loans

The Corporation has a line of credit in the amount of $5,000,000. It bears interest at prime plus 0.5%. The amount drawn on the line of credit may not exceed 90% of certain trade receivables that benefit from a grant, 80% of all other Canadian trade receivables, 65% of US trade receivables and 50% of raw material and finished goods inventory, after deduction of supplier trade receivables of less than 30 days, up to an amount of $5,000,000. A description of sureties given on the various banking agreements provided by the financial institution is available in note 25 (E). The line of credit was unused as at December 31, 2013 (December 31, 2012-balance of $3,225,000).

13 . Trade and other payables

	2013	2012
Trade and accrued liabilities	**$ 6,069**	$ 6,604
Salaries and withholding taxes	**974**	492
Vacations payable	**348**	409
Sales tax payable	**22**	13
	$ 7,413	**$ 7,518**

The Corporation's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 25.

14 . Long-term debt

This note provides information about the contractual terms of the Corporation's interest-bearing long-term debt, which is measured at amortized cost. More information about the Corporation's exposure to interest rate, foreign currency and liquidity risk is available in note 25.

	2013	2012
Current liabilities		
Current portion of long-term debt	**$ 2,816**	$ 3,589
Current portion of obligations under capital leases	**48**	30
	$ 2,864	**$ 3,619**
Non-current liabilities		
Long-term debt	**$ 12,658**	$ 15,425
Obligations under capital leases	**73**	39
	$ 12,731	**$ 15,464**

Summary of borrowing arrangements

	2013	2012
Loan with an original face value of $9,600,000 bearing interest at the bankers' acceptance rate, adjusted to a fixed rate for five years of 2.08% according to an interest rate swap agreement. To this rate is added a stamping fee of 1.5 %. A description of sureties given on the various banking agreements provided by the financial institution is available in note 25 (E). Repayable in monthly instalments of $53,000 plus interest, maturing in April 2027.	**$ 8,525**	$ 9,162
Loan with an original face value of $7,000,000 bearing interest at the bankers' acceptance rate, adjusted to a fixed rate for five years of 1.98% according to an interest rate swap agreement. To this rate is added a stamping fee of 1.5%. A description of sureties given on the various banking agreements provided by the financial institution is available in note 25 (E). Repayable in monthly instalments of $83,000 plus interest, maturing in April 2019.	**5,313**	6,309
Loan with an original face value of $564,000 bearing interest at a fixed rate for 36 months of 4.11%. A description of sureties given on the various banking agreements provided by the financial institution is available in note 25 (E). Repayable in monthly instalments of $9,400 plus interest, maturing in July 2018.	**501**	-
Note payable related to a business acquisition with an original face value of $2,378,000 and a fair value of $2,035,000, bearing no interest with an effective interest rate of 6.5%. Repayable by way of a first instalment of $578,000 in February 2011, followed by three annual instalments of $600,000, maturing in February 2014.	**597**	1,161
Note payable related to a business acquisition with an original face value of $421,000 and a fair value of $395,000, bearing no interest with an effective interest rate of 6.5%. Repayable by way of a single instalment in August 2011 (note 30).	**421**	421

14 . Long-term debt (continued)

Summary of borrowing arrangements (continued)

	2013	2012
Loans in the total original amount of $233,000, at interest rates between 0% and 7.5%. Repayable in monthly instalments of $5,000 until April 2015, of $4,000 for the months of May and June 2015, of $3,000 between the months of July 2015 and February 2016 and of $1,000 for the months between March 2016 and December 2017, including principal and interest, maturing between April 2015 and December 2017.	$ 116	$ 166
Finance lease liabilities with original amounts totalling $127,000, at interest rates of 9.5% and 12.9%. Repayable in quarterly instalments of $8,000 until March 2015, followed by an instalment of $10,000 in June 2015, $6,000 in September 2015 and, afterwards, quarterly instalments of $1,000, including principal and interest, maturing in June 2015, September 2015 and April 2018. At the end of the lease period, the Corporation has the option of purchasing the equipment at fair market value.	46	60
Finance lease liabilities with original amounts totalling $91,000, at interest rates between 7.4% and 11.3%. Repayable in monthly instalments of $2,000 until July 2016, $1,000 between August 2016 and February 2017, and $3,000 in March 2017, including principal and interest, maturing in July 2016, February 2017 and March 2017. Terms of the leases include a bargain purchase price of ten dollars and $1,442 at the end of the leases.	76	9
Loan in the original amount of US$1,472,000 with a balance of US$891,000 as at December 31, 2012, bearing interest at US prime rate less 1%. Only interest was payable on a monthly basis and a portion of the restructured notes having a carrying value of $572,000 was pledged as security.The Corporation held an option to assign to the bank the ownership of its ineligible asset-tracking notes as well as any proceeds therefrom as payment of 75% of the principal of this loan. This option was exercised in April 2013 (note 11).	-	887
Loan in the original amount of US$1,514,000 with a balance of US$912,000 as at December 31, 2012, bearing interest at US prime rate less 1%. Only interest was payable on a monthly basis and a portion of the restructured notes having a carrying value of $829,000 was pledged as security. The Corporation held an option to assign to the bank the ownership of its MAV 2 notes as well as any proceeds therefrom as payment of 45% of the principal of this loan. This option was exercised in April 2013 (note 11).	-	908
	$ 15,595	$ 19,083

Finance lease liabilities are payable as follows:

	December 31, 2013			December 31, 2012		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	$ 60	$ 12	$ 48	$ 37	$ 7	$ 30
Between one and five years	82	8	74	43	4	39
	$ 142	$ 20	$ 122	$ 80	$ 11	$ 69

15 . Warranty provisions

	2013
Balance at January 1	$ 819
Provisions made during the year	968
Provisions used during the year	(787)
Balance at December 31	**$ 1,000**
Current	$ 402
Non-current	598
	$ 1,000

During the normal course of its business, the Corporation assumes the cost of certain components in replacement of defective components under warranties offered on its products. The warranties cover a period of three (3), twelve (12) or thirty-six (36) months depending on the product. The provision is based on estimates made from historical warranty data associated with similar products and services. Nevertheless, conditions may change and a significant amount may need to be recorded.

16 . Capital and other components of equity

(A) Share capital

Shares authorized

Unlimited number of common shares with voting rights, participating and without par value
Unlimited number of first preferred shares without par value and issuable in series
Unlimited number of second preferred shares without par value and issuable in series

Transactions during the year

In July 2013, the repayment of a long-term loan to a director resulted in an increase in share capital of $250,000 and a decrease in the number of outstanding options of 200,000 (see note 31 (A)).

During 2013, other than the share issuance described above, the Corporation issued 307,500 common shares at an average price of $1.01 per share following the exercise of stock options. The weighted-average share price at the date of exercise for these share options was $1.93. These exercises resulted in an increase in share capital of $410,000 and a decrease in contributed surplus of $98,000.

Furthermore, the Corporation repurchased 6,200 common shares (2012-53,800 shares) at an average price of $1.60 (2012-$1.42) per share by way of a normal course issuer bid. The excess of the price paid over the book value of the repurchased shares has been recorded against retained earnings.

(B) Accumulated Other Comprehensive Income ("AOCI")

AOCI is comprised of the following separate components of equity:

Cumulative translation account

The cumulative translation account comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Unrealized gains/losses on cash flow hedges

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

16 . Capital and other components of equity (continued)

(C) Dividends

The following dividends were declared and paid by the Corporation:

For the year ended December 31

	2013	2012
14 cents per qualifying common share (2012-9.4 cents)	**$ 3,258**	$ 2,175

17 . Revenue

	2013	2012
Sale of goods	**$ 70,145**	$ 61,714
Rendering of services	**5,594**	5,020
	$ 75,739	**$ 66,734**

18 . Personnel expenses

	2013	2012
Wages and salaries	**$ 19,442**	$ 17,536
Employment benefits	**2,443**	2,394
Contributions to defined contribution plans	**95**	89
Compensation expense on share options granted	**36**	45
	$ 22,016	**$ 20,064**

19 . Other income (costs)

	2013	2012
Gain following the appeal of an assessment related to sales tax [1]	**$ 350**	$ -
Moving costs related to the cost of sales [2]	**-**	(921)
Moving costs related to administrative expenses [2]	**-**	(95)
Others	**(11)**	26
	$ 339	**$ (990)**

[1] The assessment in question covered a period prior to the acquisition of a company in 2005.
[2] Moving costs related to the transfer of operations in Brampton, Ontario to a new building in the amount of $1,016,000.

20 . Finance income and finance costs

	Note	2013	2012
Interest income		**$ 16**	$ 30
Net gain on foreign currency exchange		**330**	-
Change in the fair value of restructured notes and put option		**-**	86
Gain on the settlement of a debt	*11*	**275**	-
Finance income		**$ 621**	**$ 116**
Change in the fair value of restructured notes	*11*	**$ 172**	$ -
Interest on long-term debt		**612**	732
Interest expense and bank charges		**127**	96
Net loss on foreign currency exchange		**-**	69
Finance costs		**$ 911**	**$ 897**

21 . Tax

	2013	2012
Current tax expense		
Current year	**$ 1,795**	$ 575
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	**125**	(4)
Total income tax expense	**$ 1,920**	**$ 571**

Tax recognized in other comprehensive income

	2013			2012		
	Before tax	Tax benefit (expense)	Net of tax	Before tax	Tax benefit (expense)	Net of tax
Change in the fair value of foreign financial instruments designated as cash flow hedges	**$ (2,340)**	**$ 589**	**$ (1,751)**	$ 575	$ (141)	$ 434
Gains on foreign exchange contracts transferred to net income in the year	**(19)**	**5**	**(14)**	(1,041)	263	(778)
Unrealized net gains (losses) on translation of financial statements of self-sustained foreign operations	**145**	**-**	**145**	(15)	-	(15)
	$ (2,214)	**$ 594**	**$ (1,620)**	**$ (481)**	**$ 122**	**$ (359)**

Reconciliation of effective tax rate

	2013		2012	
Net income		**$ 5,299**		$ 1,578
Total tax expense		**1,920**		571
Income before tax expense		**$ 7,219**		$ 2,149
Tax using the Corporation's domestic tax rate	**25.2%**	**$ 1,819**	25.3%	$ 544
Change in accounting estimates	**0.1%**	**8**	0.8%	17
Unrecognized tax (tax benefit) related to capital losses on investment devaluation	**0.5%**	**37**	(2.8)%	(61)
Effect of differences in tax rates in other jurisdictions	**-**	**-**	(0.2)%	(5)
Non-deductible compensation expense on share options granted	**0.1%**	**9**	0.5%	11
Other non deductible expenses	**0.6%**	**45**	3.0%	65
Others	**0.1%**	**2**	-	-
	26.6%	**$ 1,920**	**26.6%**	**$ 571**

Reconciliation of change in applicable tax rate

	2013	2012
Applicable tax rate for the previous year	**25.3%**	26.8%
Change in the applicable federal tax rate	**-**	(1.5)%
Change in the applicable provincial tax rates related to the proportion of business carried on between the provinces of Ontario and Quebec	**(0.1)%**	-
Applicable tax rate for the current year	**25.2%**	25.3%

21 . Tax (continued)

Unrecognized deferred tax assets

A deferred tax asset has not been recognized in respect of the following items:

	2013	2012
Non-capital losses carried forward	**$ 1,080**	$ 995
Capital losses carried forward	**$ 351**	$ 57

Non-capital tax losses in the amount to $1,080,000 at the US federal level and $643,000 at the US State level expire between 2014 and 2032. Capital tax losses in the amount of $351,000 at the Canadian federal and Quebec level do not expire.

A deferred tax asset has not been recognized in respect of these items because it is not probable that the Corporation can utilise the benefits from these losses.

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are recorded as follows:

	Assets		Liabilities		Net	
	2013	2012	2013	2012	2013	2012
Losses carried forward	**$ 987**	$ 1,114	**$ -**	$ -	**$ 987**	$ 1,114
Deferred development costs	**100**	72	**(80)**	(75)	**20**	(3)
Non-deductible provisions (including warranty and inventory)	**484**	451	**-**	-	**484**	451
Fixed assets	**32**	94	**(40)**	(21)	**(8)**	73
Investment tax credits	**54**	26	**(312)**	(268)	**(258)**	(242)
Intangible assets	**82**	87	**(251)**	(353)	**(169)**	(266)
Foreign exchange contracts and interest rate agreements	**573**	78	**-**	-	**573**	78
Others	**188**	178	**(11)**	(46)	**177**	132
Tax assets (liabilities)	**$ 2,500**	$ 2,100	**$ (694)**	$ (763)	**$ 1,806**	$ 1,337
Set-off of tax	**(540)**	(614)	**540**	614	**-**	-
Net tax assets (liabilities)	**$ 1,960**	**$ 1,486**	**$ (154)**	**$ (149)**	**$ 1,806**	**$ 1,337**

The parent company incurred losses in the current year and is in a net deferred tax asset position in the amount of $826,000 at year-end. The Corporation considers that it will most likely realize these deferred tax assets.

Movement in recognized deferred tax assets and liabilities during the year

	Balance January 1, 2012	Recognized in net income	Recognized in other comprehensive income	Balance December 31, 2012
Losses carried forward	$ 1,056	$ 58	$ -	$ 1,114
Deferred development costs	193	(196)	-	(3)
Non-deductible provisions (including warranty and inventory)	437	14	-	451
Fixed assets	63	10	-	73
Investment tax credits	(241)	(1)	-	(242)
Intangible assets	(327)	61	-	(266)
Foreign exchange contracts and interest rate agreements	(32)	(12)	122	78
Others	62	70	-	132
	$ 1,211	**$ 4**	**$ 122**	**$ 1,337**

21 . Tax (continued)

Movement in recognized deferred tax assets and liabilities during the year (continued)

	Balance January 1, 2013	Recognized in net income	Recognized in other comprehensive income	Balance December 31, 2013
Losses carried forward	$ 1,114	$ (127)	$ -	$ 987
Deferred development costs	(3)	23	-	20
Non-deductible provisions (including warranty and inventory)	451	33	-	484
Fixed assets	73	(81)	-	(8)
Investment tax credits	(242)	(16)	-	(258)
Intangible assets	(266)	97	-	(169)
Foreign exchange contracts and interest rate agreements	78	(99)	594	573
Others	132	45	-	177
	$ 1,337	$ (125)	$ 594	$ 1,806

22 . Earnings per share

(A) Basic earnings per share

The calculation of basic earnings per share at December 31, 2013 was based on net income of $5,299,000 (2012-$1,578,000), and a weighted average number of common shares outstanding of 23,140,939 (2012-22,898,122), calculated as follows:

Weighted average number of common shares

	2013	2012
Issued common shares at January 1	**22,909,564**	22,880,864
Effect of cancelled shares following issuer bid	**(4,667)**	(28,575)
Effect of share purchase options exercised	**236,042**	45,833
Weighted average number of common shares at December 31	**23,140,939**	**22,898,122**

(B) Diluted earnings per share

The calculation of diluted earnings per share at December 31, 2013 was based on net income of $5,299,000 (2012-$1,578,000), and a weighted average number of common shares outstanding after adjustment for the effects of all dilutive potential common shares of 23,444,268 (2012-23,116,051), calculated as follows:

Weighted average number of common shares (diluted)

	2013	2012
Weighted average number of basic common shares	**23,140,939**	22,898,122
Effect on potential dilutive securities stock options	**303,329**	217,929
Weighted average number of diluted common shares at December 31	**23,444,268**	**23,116,051**

At December 31, 2013, no options (2012-250,000) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

The average market value of the Corporation's shares for purposes of calculating the dilutive effect of share purchase options was based on quoted market prices for the period during which the options were outstanding.

23 . Cash flows

(A) Net changes in non-cash operating items

	2013	2012
Trade and other receivables	**$ (163)**	$ (2,665)
Tax credits receivable	**(341)**	(177)
Inventories	**(1,446)**	1,571
Prepaid expenses	**1**	95
Trade and other payables	**(105)**	1,398
Deferred revenues	**(478)**	132
Warranty provision	**181**	64
	$ (2,351)	**$ 418**

(B) Non-cash transactions

In 2013, the following non-cash transactions took place: conversion of an account receivable to a long-term loan in the amount of $44,000 (2012-$193,000), tax credits receivable applied against income tax payable in the amount of $914,000 (2012-$432,000) and $116,000 (2012-$85,000) against deferred development costs, long-term investment applied against long-term debt in the amount of $1,543,000 (2012-nil), transfer of inventory to fixed assets in the amount of $67,000 (2012-nil), additions to fixed assets and to intangible assets by way of capital leases in the amount of $64,000 and $35,000, respectively (2012-nil) and transfer to fixed assets of a deposit in the amount of $125,000 (2012-nil).

24 . Share-based payments

The Corporation has set-up a stock option plan for its directors, members of management, employees and consultants, under which the Board of Directors may grant options to purchase common shares of the Corporation at an exercise price established by the Board. The exercise price is the closing price of the day preceding the option grant date. Options generally vest between one and five years from the date of grant and must be exercised within a maximum of six years, except in the event of retirement, termination of employment or death. Exercised options are settled in shares. At December 31, 2013, 916,000 options could still be granted by the Corporation (December 31, 2012-1,216,000).

The value of each option is estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

Year ended December 31	Number of options granted	Risk-free interest rate [1]	Dividend yield [1]	Expected volatility [1]	Expected term
2013	**300,000**	**1.60%**	**10.40%**	**37%**	**3 and 6 years**
2012	125,000	1.16%	6.56%	40%	3 years

[1] Weighted average

The estimated fair value of the options granted in 2013 is $49,000 (2012-$33,000). This amount is amortized and charged to earnings as the rights to exercise are vested.

The compensation expense in the amount of $36,000 (2012-$45,000) on options granted to employees and directors has been recognized in administrative expenses and credited to contributed surplus.

24 . Share-based payments (continued)

	2013		2012	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at January 1	**1,063,750**	**$ 1.19**	1,425,000	$ 1.14
Granted	**300,000**	**1.63**	125,000	1.59
Exercised	**(507,500)**	**1.10**	(82,500)	0.81
Expired	**-**	**-**	(260,000)	1.38
Forfeited	**-**	**-**	(143,750)	0.96
Outstanding at December 31	**856,250**	**$ 1.39**	**1,063,750**	**$ 1.19**
Exercisable at December 31	**572,916**	**$ 1.29**	**792,916**	**$ 1.20**

The following table summarizes certain information on outstanding stock options as at December 31:

2013				2012			
	Options outstanding				Options outstanding		
Exercise price	Number	Weighted average years to maturity	Options exercisable	Exercise price	Number	Weighted average years to maturity	Options exercisable
$0.90	**50,000**	**1.4**	**33,333**	$0.90	50,000	2.4	16,666
0.95	**200,000**	**0.6**	**200,000**	0.95	417,500	1.6	284,167
1.17	**50,000**	**0.2**	**50,000**	1.10	27,500	0.1	27,500
1.41	**6,250**	**0.2**	**6,250**	1.17	100,000	0.7	83,333
1.50	**200,000**	**3.7**	**75,000**	1.25	200,000	4.4	200,000
1.55	**25,000**	**2.9**	**8,333**	1.30	12,500	0.2	12,500
1.59	**50,000**	**2.1**	**25,000**	1.41	6,250	1.2	6,250
1.60	**100,000**	**1.2**	**100,000**	1.55	25,000	3.9	-
1.65	**75,000**	**0.2**	**75,000**	1.59	50,000	3.1	12,500
1.90	**100,000**	**5.6**	**-**	1.60	100,000	2.2	75,000
	-	**-**	**-**	1.65	75,000	1.2	75,000
$0.90 to $1.90	**856,250**	**2.1**	**572,916**	$0.90 to $1.65	1,063,750	2.2	792,916

25 . Financial instruments

(A) Financial risk management

Overview

The Corporation has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Corporation's exposure to each of the above risks and the Corporation's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework.

The Corporation's risk management policies are established to identify and analyze the risk faced by the Corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Corporation's activities.

25 . Financial instruments (continued)

(A) Financial risk management (continued)

The Corporation's Audit Committee oversees how management monitors compliance with the Corporation's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Corporation.

(B) Credit risk

Cash and derivative financial instruments are held or issued by financial institutions with a superior-quality credit rating. Thus, the Corporation considers that the risk of non-performance of such instruments is negligible.

The Corporation provides credit to its clients in the normal course of business. It carries out credit checks on its clients on a continual basis and minimizes its credit risks by conducting its operations with a wide variety of clients in several industries.

Trade receivables and long-term loans are presented on the consolidated statement of financial position net of an allowance for impairment loss. The allowance is based on the Corporation's best estimate as to the probability of collecting uncertain accounts. Uncertainty regarding the collection of accounts may derive from various indicators, including a deterioration in the credit-worthiness of a client or an abnormal delay in payment of past-due invoices. Management regularly reviews client accounts, ensures that past-due accounts are followed up and evaluates the relevance of its allowance for doubtful accounts.

The Corporation holds personnal assets as security on long-term loans that it has with dealers.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk for loans and trade receivables before allowance for doubtfull accounts, at the reporting date by geographic region, was:

	2013	2012
Domestic	**$ 4,385**	$ 5,272
United States	**6,062**	5,708
Other regions	**1,213**	985
	$ 11,660	**$ 11,965**

Impairment loss

The aging of trade receivables at the reporting date was:

	2013		2012	
	Gross	Allowance	Gross	Allowance
Current, 0-60 days	**$ 8,146**	**$ -**	$ 7,858	$ -
Past due, 61-90 days	**1,334**	**60**	1,310	55
Past due, over 90 days	**1,991**	**612**	2,262	645
	$ 11,471	**$ 672**	**$ 11,430**	**$ 700**

25 . Financial instruments (continued)

(B) Credit risk (continued)

The movement in the allowance for doubtful accounts during the year was as follows:

	2013	2012
Balance at January 1	$ 700	$ 628
Increase in the allowance for doubtful accounts	26	81
Write-off of receivables:		
Accessibility segment	(22)	(7)
Adapted vehicles segment	(32)	(2)
Balance at December 31	$ 672	$ 700

The allowance account in respect of trade receivables is used to record impairment losses unless the Corporation is satisfied that no recovery of the amount owing is possible; at which point, the amounts are considered irrecoverable and are written off against the financial asset directly.

(C) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. Management assesses its liquidity risk on a continual basis to ensure that it has sufficient liquidity to meet its obligations. In order to insure that sufficient liquidity is available to meet current obligations, the Corporation maintains similar payment terms with its customers as it has with its suppliers.

As at December 31, 2013, the Corporation had, at its disposal, working capital of $14,749,000 (December 31, 2012-$14,550,000) and unused credit facilities of $5,000,000 (December 31, 2012-$1,775,000).

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	2013					
	Carrying amount	Contractual cash flows	1 year	2 to 3 years	4 to 5 years	Over 5 years
Non-derivative financial liabilities						
Trade and other payables	$ 7,413	$ 7,413	$ 7,413	$ -	$ -	$ -
Long-term debt, including current portion	15,595	17,689	3,266	4,237	3,870	6,316
	$ 23,008	$ 25,102	$ 10,679	$ 4,237	$ 3,870	$ 6,316
Derivative financial liabilities						
Foreign exchange forward contracts						
Outflow	$ 2,100	$ 57,077	$ 19,236	$ 37,841	$ -	$ -
Inflow	-	(54,850)	(18,180)	(36,670)	-	-
Interest rate swap agreements	159	169	112	71	(14)	-
	$ 2,259	$ 2,396	$ 1,168	$ 1,242	$ (14)	$ -

25 . **Financial instruments (continued)**

(C) Liquidity risk (continued)

	2012					
	Carrying amount	Contractual cash flows	1 year	2 to 3 years	4 to 5 years	Over 5 years
Non-derivative financial liabilities						
Trade and other payables	$ 7,518	$ 7,518	$ 7,518	$ -	$ -	$ -
Long-term debt, including current portion	19,083	21,590	4,065	5,605	3,789	8,131
	$ 26,601	**$ 29,108**	**$ 11,583**	**$ 5,605**	**$ 3,789**	**$ 8,131**
Derivative financial liabilities						
Interest rate swap agreements	**$ 291**	**$ 297**	**$ 118**	**$ 147**	**$ 32**	**$ -**

(D) Market risk

(i) Currency risk

The Corporation realizes approximately 58% (2012-53%) of its sales in foreign currencies and, accordingly, is exposed to market risks related to foreign exchange fluctuations. The Corporation partially compensates for these risks by purchasing materials in US dollars and by using forward foreign exchange contracts. Those contracts oblige the Corporation to sell US dollars at a fixed rate.

Management has implemented a policy to manage foreign exchange risk against the Corporation's functional currency. The objective of the policy is to minimize the risks related to foreign currency transactions, more specifically in US dollars, in order to protect the gross margin from significant fluctuations in the value of the Canadian dollar and to avoid management speculation on currency values. The Corporation manages this risk exposure by entering into various foreign exchange forward contracts. Pursuant to the policy, a maximum of 75% of anticipated net inflows in US dollars can be hedged.

The Corporation has at its disposal a line of treasury in the amount of $4,500,000 in order to cover foreign exchange risks associated with its forward foreign exchange contracts, of which $3,300,000 is garanteed by Export Development Canada.

The following tables summarize the characteristics of the foreign exchange contracts at December 31, 2013:

Maturity	Type	Average exchange rate	Contractual amounts (in thousands of US dollars)
0 to 12 months	Sale	1.0100	$18,000
12 to 24 months	Sale	1.0407	18,000
24 to 36 months	Sale	1.0551	17,000
		1.0349	**$53,000**

At December 31, 2012, the Corporation did not have any commitments to sell currencies since it cashed in advance the contracts that it held.

25 . Financial instruments (continued)

(D) Market risk (continued)

The fair value of the derivative financial instruments which are presented as "Accumulated other comprehensive income (loss)", before income taxes of $473,000 (December 31, 2012-$157,000), is as follows as at December 31:

	2013	2012
Unrealized losses on forward exchange contracts maturing in the next twelve months	$ (1,002)	$ -
Gains on forward exchange contracts cashed in advance that will be recognized in the next twelve months	198	391
	$ (804)	$ 391
Unrealized losses on forward exchange contracts maturing after the next twelve months	$ (1,098)	$ -
Gains on forward exchange contracts cashed in advance that will be recognized after the next twelve months	31	229
	$ (1,067)	$ 229
	$ (1,871)	$ 620

As at December 31, 2013 and 2012, with other variables unchanged, an upward change of $0.01 in the value of the Canadian dollar against the US dollar would have the effect of increasing "Other comprehensive income (loss)" by the amount of $415,000 net of income taxes (negligeable impact in 2012). A downward change of $0.01 in the value of the Canadian dollar against the US dollar would have the effect of decreasing "Other comprehensive income (loss)" by the amount of $422,000 net of income taxes (negligeable impact in 2012).

The Corporation does not hold or issue any derivative financial instruments for speculative or trading purposes. Derivative financial instruments are subject to standard credit conditions, financial controls, risk management as well as monitoring procedures.

Impact of US dollar foreign exchange risk on monetary items denominated in US dollars:

(in thousands of US dollars)

	2013	2012
Cash	$ 1,208	$ 5,160
Trade and other receivables	6,171	5,533
Long-term loans, including current portion	118	487
Trade and other payables	(938)	(670)
Long-term debt, including current portion	-	(1,804)
Total monetary items denominated in US dollars	$ 6,559	$ 8,706

As at December 31, 2013 and 2012, with other variables unchanged, an upward or downward change of $0.01 in the value of the Canadian dollar against the US dollar would have the effect of decreasing or increasing "Finance income (costs)" in the amount of $66,000 (December 31, 2012-$87,000), or net of taxes, $49,000 (December 31, 2012-$65,000).

(ii) Interest rate risk

The Corporation's interest rate risk arises from long-term loans, long-term investments, bank loans and long-term debt. Investments and borrowings issued at variable rates expose the Corporation to the risk of variance in cash flows due to changes in interest rates, whereas investments and borrowings issued at fixed rates expose the Corporation to the risk of variance in fair value due to changes in interest rates.

The Corporation has at its disposal a line of treasury up to a maximum amount of $610,000 to cover any potential loss in converting its variable interest rate long-term debt in the amount of $9,600,000 and $7,000,000 to a fixed rate.

25 . Financial instruments (continued)

(D) Market risk (continued)

In April 2012, the Corporation entered into interest rate swap agreements.

Original face value	Fixed interest rate	Maturity date
$ 7,000	1.98%	April 13, 2017
$ 9,600	2.08%	April 13, 2017

These instruments were designated as hedging for accounting purposes. As at December 31, 2013, the Corporation held interest rate swap agreements in a nominal amount of $13,838,000 (December 31, 2012-$15,471,000), which is also the balance of the long-term debt that is being hedged.

The fair value of the financial instruments which are presented as "Accumulated other comprehensive income (loss)", before income taxes of $43,000 (December 31, 2012-$78,000), is as follows as at December 31:

	2013	2012
Unrealized losses on interest rate swap agreements applicable to the current portion of long-term debt	**$ 111**	$ 117
Unrealized losses on interest rate swap agreements applicable to the non-current portion of long-term debt	**48**	174
	$ 159	**$ 291**

Impact on the profit or loss of interest rate risks on monetary items with a variable interest rate:

	2013	2012
Bank loans	**$ -**	$ 3,225
Long-term debt, including current portion and excluding debt that is covered by interest rate swap agreements	**-**	1,795
Total monetary items with a variable interest rate	**$ -**	**$ 5,020**

As at December 31, 2013 and 2012, with other variables unchanged, an upward change of 100 basis points in the prime rate would only have a negligeable impact on net income and would result in an increase of "Other comprehensive income (loss)" in the amount of $264,000 (2012-$363,000) net of income taxes. A downward change of 100 basis points in the prime rate would only have a negligeable impact on net income and would result in a decrease of "Other comprehensive income (loss)" in the amount of $265,000 (2012-$379,000) net of income taxes.

(iii) Price risk

The Corporation's products include hundreds of components manufactured by some 100 suppliers around the world. The price of such components can vary and affect the Corporation's profit margins. However, the Corporation's flexible business model enables it to change supplier if required in order to minimize this risk.

The Corporation does not use derivative products on the price of materials.

25 . Financial instruments (continued)

(D) Market risk (continued)

Fair values versus carrying amounts

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities measured at amortized cost if the carrying amount is a reasonable approximation of fair value.

	2013				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Assets carried at amortized cost					
Cash	$ 1,968				
Trade and other receivables	10,936				
Long-term loans	189	$ -	$ 182	$ -	$ 182
	$ 13,093				
Liabilities carried at fair value					
Foreign exchange forward contracts	$ (2,100)	-	(2,100)	-	(2,100)
Interest rate swap agreements	(159)	-	(159)	-	(159)
	$ (2,259)				
Liabilities carried at amortized cost					
Trade and other payables	$ (7,391)				
Long-term debt	(15,595)	-	(15,592)	-	(15,592)
	$ (22,986)				

	2012				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Assets carried at fair value					
Long-term investments in restructured notes	$ 1,401	$ -	$ -	$ 1,401	$ 1,401
Put option	64	-	-	64	64
	1,465				
Assets carried at amortized cost					
Cash	$ 1,993				
Trade and other receivables	10,999				
Long-term loans	535	-	535	-	535
	$ 13,527				
Liabilities carried at fair value					
Interest rate swap agreements	$ (291)	-	(291)	-	(291)
	$ (291)				
Liabilities carried at amortized cost					
Trade and other payables	$ (7,498)				
Long-term debt	(19,083)	-	(19,083)	-	(19,083)
	$ (26,581)				

The basis for determining fair value is disclosed in note 27.

25 . Financial instruments (continued)

(D) Market risk (continued)

During the years ended December 31, 2013 and 2012, the reconciliation of items evaluated using unobservable inputs (Level 3) is as follows :

	Long-term investments in restructured notes	Put option
Balance at January 1, 2012	$ 1,282	$ 181
Change in the fair value of restructured notes	220	(87)
Change in foreign currency exchange rates	(22)	2
Impact on the value of the put option related to the disposal of restructured notes	-	(32)
Capitalized interest on long-term debt	5	-
Total gains (losses) recognized as "Finance income (costs)"	203	(117)
Disposal of the restructured notes	(84)	-
Balance at December 31, 2012	**$ 1,401**	**$ 64**
Change in the fair value of restructured notes	**$ (202)**	**-**
Change in foreign currency exchange rates	**29**	**-**
Capitalized interest on long-term debt	**1**	**-**
Total gains (losses) recognized as "Finance income (costs)"	**(172)**	**-**
Disposal of the restructured notes	**(1,229)**	**(64)**
Balance at December 31, 2013	**$ -**	**$ -**

(E) Capital management

The Corporation defines the components of its capital structure as being long-term debt and bank debt, net of cash and long-term investments, plus equity.

	2013	2012
Cash	**$ (1,968)**	$ (1,993)
Long-term investments, including current portion	**-**	(1,465)
Long-term debt, including current portion	**15,595**	19,083
	$ 13,627	$ 15,625
Equity	**20,233**	19,224
Total capital structure	**$ 33,860**	**$ 34,849**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, which the Corporation defines as result from operating activities divided by total shareholders' equity. Management also monitors the level of dividends to common shareholders.

The Corporation makes use of a process under which its Canadian dollar bank accounts are consolidated in order to optimize the cash requirements and surplusses of the parent company and its subsidiairies. As long as the net balance of its accounts is positive, no interest is payable. This process is administered by the Corporation's financial institution.

25 . Financial instruments (continued)

(E) Capital management (continued)

The Corporation monitors capital based on different financial ratios and non-financial performance indicators.

The Corporation must comply with certain conditions under its various banking arrangements and ensures that it is in compliance with those conditions when required. It was in compliance with all of the ratio requirements of its lenders throughout the year.

Furthermore, the Corporation has given the following assets as surety on its various banking arrangements: a first ranking movable hypothec in the amount of $50,000,000 on the Corporation and its subsidiaries' overall assets, a guarantee pursuant to Section 427 of the *Bank Act* on inventories, a first ranking movable hypothec in the amount of $9,700,000 on the Corporation's building as well as a surety bond in the amount of $50,000,000 covering all of the Corporation's subsidiaries.

From time to time, the Corporation purchases its own shares on the market; the timing of these purchases depends on market prices.

There were no changes in the Corporation's approach to capital management during the year.

Neither the Corporation, nor any of its subsidiaries, are subject to externally imposed capital requirements.

26 . Commitments

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2013	2012
Less than 1 year	$ 987	$ 780
Between 1 and 5 years	1,645	1,421
More than 5 years	58	1
	$ 2,690	$ 2,202

The Corporation concluded lease agreements for the rental of its premises and entered into operating leases for rolling stock and equipment. The building leases run for remaining periods between 26 and 65 months, with most leases having an option to renew after that date.

During the year ended December 31, 2013, an amount of $344,000 was recognized in cost of sales and an amount of $474,000 was recognized in operating costs in respect of operating leases (2012-$520,000 and $456,000).

27 . Determination of fair values

A number of the Corporation's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(A) Fixed assets

The fair value of fixed assets recognized as a result of a business combination is based on market values. The fair value of items of equipment, office furniture, rolling stock, computer hardware and leasehold improvements is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

27 . Determination of fair values (continued)

(B) Intangible assets

The fair value of trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the trademark being owned. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(C) Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the common course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(D) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(E) Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of interest rate swap arrangements is estimated by discounting the difference between the contractual interest rate and market rates over the value of the loans.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Corporation entity and counterparty when appropriate.

(F) Non-derivatives financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(G) Share-based payment transactions

The fair value of the share purchase options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

28 . Government assistance

During 2013, the Corporation recorded scientific research and experimental development tax credits of $341,000 (2012-$320,000). An overall amount of $196,000 has not yet been assessed by the tax authorities.

The Corporation also recorded $161,000 (2012-$142,000) in apprenticeship tax credits which have not yet been assessed by the tax authorities.

28 . Government assistance (continued)

These credits were accounted for as follows:

	2013	2012
Decrease in deferred development costs	**$ 116**	$ 85
Decrease in cost of sales	**167**	145
Decrease in administrative expenses	**3**	5
Decrease in research and development expenses	**216**	227
	$ 502	**$ 462**

29 . Operating segments

Information about the operating segments

The Corporation's business structure is divided into two segments, the first consists of manufacturing and distributing residential and commercial accessibility equipment for people with mobility challenges (Accessibility), and the second consists of converting and adapting vehicles for persons with mobility challenges (Adapted Vehicles).

	2013			2012		
	Accessibility	Adapted Vehicles	Total	Accessibility	Adapted Vehicles	Total
External revenues	**$ 62,203**	**$ 13,536**	**$ 75,739**	$ 52,488	$ 14,246	$ 66,734
Income before income tax and unallocated amounts	**$ 8,038**	**$ 1,739**	**$ 9,777**	$ 3,932	$ 1,071	$ 5,003
Segments' assets	**$ 32,011**	**$ 6,268**	**$ 38,279**	$ 28,631	$ 7,439	$ 36,070
Segments' liabilities	**$ 9,436**	**$ 1,007**	**$ 10,443**	$ 9,671	$ 1,283	$ 10,954
Capital expenditures	**$ 1,242**	**$ 234**	**$ 1,476**	$ 777	$ 16	$ 793

Reconciliations of operating segments and the consolidated balances

	2013	2012
Income before income tax		
Total income of segments, before income tax and unallocated amounts	**$ 9,777**	$ 5,003
Unallocated amounts:		
Depreciation and amortization	**(1,597)**	(1,541)
Net finance costs	**(547)**	(585)
Other corporate expenses [1]	**(414)**	(728)
Income before income tax	**$ 7,219**	**$ 2,149**
Assets		
Total assets of segments	**$ 38,279**	$ 36,070
Unallocated amounts [2]	**10,734**	13,310
Total consolidated assets	**$ 49,013**	**$ 49,380**
Liabilities		
Total liabilities of segments	**$ 10,443**	$ 10,954
Unallocated amounts [2]	**18,337**	19,202
Total consolidated liabilities	**$ 28,780**	**$ 30,156**

[1] Salaries, professional fees and other corporate expenses not included in the segments' income

[2] Assets and liabilities not included in the assets and liabilities of the segments

29 . Operating segments (continued)

Reconciliations of operating segments and the consolidated balances (continued)

	2013	2012
Capital expenditures		
Total capital expenditures of segments	$ 1,476	$ 793
Unallocated amounts [(1)]	-	10,279
Total consolidated capital expenditures	$ 1,476	$ 11,072

[(1)] Capital expenditures by the parent company related to the purchase of a building not included in the sements' capital expenditure

Geographical information

	Revenue		Non-current assets	
	2013	2012	2013	2012
Domestic	$ 29,333	$ 30,329	$ 19,682	$ 20,734
United States	38,590	29,407	12	12
Other regions	7,816	6,998	419	178
	$ 75,739	$ 66,734	$ 20,113	$ 20,924

Revenues are attributed to a geographical region according to the destination of product shipments.

30 . Contingencies

Various claims and legal proceedings have been initiated against the Corporation in the normal course of its operating activities. Although the outcome of these proceedings cannot be determined with certainty, management estimates that any payments resulting from their outcome are not likely to have a substantial negative impact on the Corporation's consolidated financial statements.

The Corporation has received a claim with respect to the non-payment of the note payable related to the acquisition of Freedom as well as an amount related to the employment contract with the former owner of this company. The Corporation has instituted a counter-claim with respect to this same transaction. The outcome of these claims cannot be determined at this time.

31 . Related parties

Transactions with key management personnel

(A) Loan to a director

On July 25, 2013, the Corporation received a sum of $257,000 representing the repayment of a long-term loan to a director in the amount of $250,000 plus interest of $7,000. The loan had been provided in 2007 in relation to the exercise of stock options. This repayment resulted in an increase in share capital of $250,000 and a decrease in the number of outstanding options of 200,000.

(B) Key management personnel compensation

	2013	2012
Short-term employee benefits	$ 825	$ 545
Share-based payments	139	45
	$ 964	$ 590

31 . Related parties (continued)

(C) Key management personnel and director transactions

Directors of the Corporation control 60.2% of the voting shares of the Corporation.

The Corporation recorded an amount of $50,000 (2012-$41,000) for accounting and tax services rendered by an entity whose officer is a director and chief financial officer of the Corporation. Of this amount, $19,000 was recorded as Trade and other payables in the consolidated statement of financial position as at December 31, 2013 (December 31, 2012-$15,000).

The Corporation signed a lease with an entity owned by a director and the President and chief executive officer of the Corporation. Under the terms of the lease, an amount of $4,000 was paid to that company in 2013 (2012-nil). The lease expires in October 2016, and the total remaining commitment is $71,000.

The terms and conditions attached to these agreements reflect market conditions.

32 . Subsequent event

On March 12, 2014, the Board of Directors of the Corporation declared a dividend of 13 cents ($0.13) per common share payable on April 7, 2014 to shareholders of record of the Corporation at the close of business on March 24, 2014.