SAVARIA CORPORATION
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT MARCH 31, 2010
(Unaudited)

SAVARIA CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS (Unaudited)
PERIOD OF THREE MONTHS ENDED MARCH 31

	2010	2009
SALES	**$ 13,242,656**	$ 11,185,712
OPERATING EXPENSES		
Cost of goods sold	**9,577,930**	8,464,777
Selling and administrative expenses	**2,841,247**	2,659,174
Amortization of fixed assets	**110,771**	92,120
Amortization of intangible assets	**132,969**	106,870
	12,662,917	11,322,941
OPERATING EARNINGS (LOSS)	**579,739**	(137,229)
OTHER REVENUES AND EXPENSES (note 5)	**(283,144)**	957,558
EARNINGS BEFORE INCOME TAXES	**296,595**	820,329
INCOME TAXES	**117,188**	265,344
NET EARNINGS	**$ 179,407**	$ 554,985
Net earnings per common share		
Basic	**$ 0.008**	$ 0.020
Diluted	**$ 0.008**	$ 0.020
Average number of common shares outstanding (note 7B)		
Issued	**22,099,302**	27,229,181
Diluted	**22,142,859**	27,229,181

SAVARIA CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS) (Unaudited)
PERIOD OF THREE MONTHS ENDED MARCH 31

	2010	2009
NET EARNINGS	**$ 179,407**	$ 554,985
OTHER COMPREHENSIVE INCOME (LOSS)		
Change in the fair value of foreign exchange contracts designated as cash flow hedges	**509,511**	(2,039,719)
Future income taxes	**(148,421)**	610,513
	361,090	(1,429,206)
(Gains) losses on foreign exchange contracts transferred to net income in the current period	**(295,665)**	1,001,279
Future income taxes	**86,127**	(310,196)
	(209,538)	691,083
Net change in fair value of derivatives designated as cash flow hedges	**151,552**	(738,123)
Unrealized net losses on translation of financial statements of self-sustaining foreign operations	**(22,193)**	-
OTHER COMPREHENSIVE EARNINGS (LOSS)	**129,359**	(738,123)
COMPREHENSIVE EARNINGS (LOSS)	**$ 308,766**	$ (183,138)

SAVARIA CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (Unaudited)
PERIOD OF THREE MONTHS ENDED MARCH 31 2010 AND 2009

	Capital stock		Contributed	Retained	Accumulated other comprehensive	
	Number	Amount	surplus	earnings	income	Total
BALANCE as at December 31, 2009, before the reversal of an exercice of stock options following the issuance of an employee loan	**22,358,219**	**$ 12,883,431**	**$ 1,856,091**	**$ 4,287,498**	**$ 2,011,534**	**$ 21,038,554**
Reversal of an exercice of stock options following the issuance of an employee loan	**(200,000)**	**(250,000)**	**-**	**-**	**-**	**(250,000)**
BALANCE as at December 31, 2009	**22,158,219**	**12,633,431**	**1,856,091**	**4,287,498**	**2,011,534**	**20,788,554**
Cancelled shares following issuer bid	**(111,500)**	**(63,570)**	**-**	**(37,750)**	**-**	**(101,320)**
Remuneration expense on options granted	**-**	**-**	**48,781**	**-**	**-**	**48,781**
Net earnings	**-**	**-**	**-**	**179,407**	**-**	**179,407**
Dividends on common shares	**-**	**-**	**-**	**(1,868,724)**	**-**	**(1,868,724)**
Changes in gains (losses) on foreign exchange contracts designated as cash flow hedges, net of income taxes of $62,294	**-**	**-**	**-**	**-**	**151,552**	**151,552**
Change in foreign currency translation adjustment	**-**	**-**	**-**	**-**	**(22,193)**	**(22,193)**
BALANCE as at March 31, 2010	**22,046,719**	**$ 12,569,861**	**$ 1,904,872**	**$ 2,560,431**	**$ 2,140,893**	**$ 19,176,057**

	Capital stock		Contributed	Retained	Accumulated other comprehensive	
	Number	Amount	surplus	earnings	income	Total
BALANCE as at December 31, 2008, before the reversal of an exercice of stock options following the issuance of an employee loan	27,490,514	$ 15,815,977	$ 1,745,891	$ 4,596,187	$ (4,069,107)	$ 18,088,948
Reversal of an exercice of stock options following the issuance of an employee loan	(200,000)	(250,000)	-	-	-	(250,000)
BALANCE as at December 31, 2008	27,290,514	15,565,977	1,745,891	4,596,187	(4,069,107)	17,838,948
Cancelled shares following issuer bid	(22,000)	(12,562)	-	(3,928)	-	(16,490)
Remuneration expense on options granted	-	-	42,209	-	-	42,209
Net earnings	-	-	-	554,985	-	554,985
Dividends on common shares	-	-	-	(824,055)	-	(824,055)
Changes in gains (losses) on foreign exchange contracts designated as cash flow hedges, net of income taxes of $300,317	-	-	-	-	(738,123)	(738,123)
BALANCE as at March 31, 2009	27,268,514	$ 15,553,415	$ 1,788,100	$ 4,323,189	$ (4,807,230)	$ 16,857,474

SAVARIA CORPORATION
CONSOLIDATED BALANCE SHEETS

	As at March 31 (Unaudited) 2010	As at December 31 2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 5,157,057**	$ 4,823,164
Cash and cash equivalents reserved	**400,000**	400,000
Accounts receivable	**7,872,695**	7,455,189
Foreign exchange forward contracts	**230,805**	555,484
Research and development credits receivable	**205,746**	365,988
Current portion of long-term loans	**20,316**	26,518
Inventories	**13,497,668**	12,599,651
Prepaid expenses	**1,129,838**	813,613
Future income taxes	**283,187**	602,059
	28,797,312	27,641,666
CASH AND CASH EQUIVALENTS RESERVED	**1,400,000**	1,500,000
RESEARCH AND DEVELOPMENT CREDITS RECEIVABLE	**634,934**	557,981
OTHER ASSETS	**-**	61,910
LONG-TERM INVESTMENTS (note 6)	**4,194,730**	5,757,785
LONG-TERM LOANS	**101,580**	105,100
FIXED ASSETS	**1,734,972**	1,565,784
INTANGIBLE ASSETS	**1,560,069**	1,390,361
GOODWILL (note 3)	**3,236,180**	506,230
FUTURE INCOME TAXES	**778,220**	801,130
	$ 42,437,997	$ 39,887,947
LIABILITIES		
CURRENT LIABILITIES		
Bank loans	**$ 960,000**	$ 1,080,000
Accounts payable	**6,068,987**	6,248,985
Dividends payable	**1,868,724**	-
Deferred revenues	**1,540,236**	415,025
Income taxes payable	**12,379**	-
Current portion of a note payable relating to a business acquisition (note 3)	**542,474**	-
Warranty provision	**247,605**	263,970
Current portion of long-term debt	**1,831,006**	1,844,859
	13,071,411	9,852,839
WARRANTY PROVISION	**391,213**	394,494
LONG-TERM DEBT	**8,307,217**	8,852,060
NOTE PAYABLE RELATING TO A BUSINESS ACQUISITION (note 3)	**1,492,099**	-
	23,261,940	19,099,393
SHAREHOLDERS' EQUITY		
Capital stock	**12,569,861**	12,633,431
Contributed surplus	**1,904,872**	1,856,091
Retained earnings	**2,560,431**	4,287,498
Accumulated other comprehensive income	**2,140,893**	2,011,534
	4,701,324	6,299,032
	19,176,057	20,788,554
	$ 42,437,997	$ 39,887,947

ON BEHALF OF THE BOARD OF DIRECTORS

______________________, Director
Marcel Bourassa

______________________, Director
Jean-Marie Bourassa C.A.

SAVARIA CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
PERIOD OF THREE MONTHS ENDED MARCH 31

	2010	2009
OPERATING ACTIVITIES		
Net earnings	**$ 179,407**	$ 554,985
Adjustments for :		
Amortization of fixed assets	**110,771**	92,120
Amortization of intangible assets	**132,969**	106,870
Put option (note 6)	**96,378**	(901,776)
Change in the fair value of restructured notes (note 6)	**(74,061)**	(63,284)
Future income taxes	**129,809**	322,596
Capitalized interest on long-term debt	**28,968**	36,274
Remuneration expense on stock options granted	**48,781**	42,209
Foreign exchange contracts cashed-in in advance	**538,525**	-
Change in warranty provision	**(19,646)**	(46,492)
Change in long-term research and development credits receivable	**(76,953)**	-
Gain on disposal of fixed assets	**500**	-
Non-materialized (gain) loss on foreign currency exchange on long-term monetary items	**(84,476)**	116,766
	1,010,972	260,268
Net changes in non-cash items related to operations (note 4)	**(503,523)**	(431,839)
Cash flows from (used in) operating activities	**507,449**	(171,571)
INVESTING ACTIVITIES		
Business acquisition (note 3)	**(892,701)**	-
Change in long-term investments	**1,540,738**	-
Change in cash and cash equivalents reserved	**100,000**	-
Proceeds from disposal of fixed assets	**3,000**	-
Additions to fixed assets	**(66,419)**	(28,980)
Increase in amortizable intangible assets	**(90,026)**	(151,944)
Proceeds from long-term loans	**5,594**	18,926
Cash flows from (used in) investing activities	**600,186**	(161,998)
FINANCING ACTIVITIES		
Changes in bank loans	**(120,000)**	(10,000)
Increase in long-term debt	**-**	3,700,095
Repayment of long-term debt	**(552,422)**	(3,395,983)
Shares repurchased for cancellation	**(101,320)**	(16,490)
Cash flows used in financing activities	**(773,742)**	277,622
NET CHANGE IN CASH AND CASH EQUIVALENTS	**333,893**	(55,947)
CASH AND CASH EQUIVALENTS at the beginning of the period	**4,823,164**	5,202,780
CASH AND CASH EQUIVALENTS at the end of the period	**$ 5,157,057**	$ 5,146,833

Cash and cash equivalents include bank balances and temporary investments with an initial maturity of three months or less.

1. CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The unaudited consolidated interim financial statements were prepared by the Corporation in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") applicable to interim financial statements and follow the same accounting policies and methods of their application as the most recent annual financial statements, except for the new accounting policy mentioned below. In the opinion of Management, all adjustments necessary for a fair presentation are reflected in the interim financial statements. Such adjustments are of a normal and recurring nature. The unaudited consolidated interim financial statements have not been reviewed by the Corporation's external auditor and should be read in conjunction with the audited annual consolidated financial statements and notes thereto for the year ended December 31, 2009.

Change in functional currency of a self-sustaining foreign operation

Effective January 1, 2010, the Corporation adopted the Chinese Renminbi as the functional currency of its Chinese subsidiary as a result of the continued decentralization of its management, of the development of a local market for its products and services and of its cash flows no longer being dependent upon its parent company's activities. Prior to that date, the subsidiary was considered to be an integrated foreign operation with the Canadian dollar as its functional currency.

2. CHANGES IN ACCOUNTING POLICIES

Future Accounting Changes

Section 1582: Business Combinations, Section 1601: Consolidated Financial Statements, and Section 1602 : Non-Controlling Interests

In 2009, the CICA issued three new accounting standards: Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements, and Section 1602, Non-Controlling Interests. These new standards will apply to the Corporation's financial statements for the fiscal year beginning on January 1, 2011. The Corporation is in the process of evaluating the requirements of the new standards.

Section 1582 replaces Section 1581, and establishes standards for the recognition of a business combination. It provides the Canadian equivalent to International Financial Reporting Standard IFRS 3, Business Combinations. The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

Sections 1601 and 1602 replace Section 1600, Consolidated Financial Statements. Section 1601, establishes standards for the preparation of consolidated financial statements. It applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for the recognition of a non-controlling interest in a subsidiary. It is equivalent to the corresponding provisions of International Accounting Standard IAS 27, Consolidated and Separate Financial Statements, and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

International Financial Reporting Standards ("IFRS")

In February 2008, Canada's Accounting Standards Board confirmed that Canadian GAAP, as used by public Corporations, will be superseded by IFRS for fiscal years beginning on or after January 1, 2011. The Corporation will be required to report under IFRS for its interim and annual financial statements for the fiscal year ending December 31, 2011.

3. BUSINESS ACQUISITION

On February 1, 2010, the Corporation acquired 100% of the outstanding common shares of Concord Elevator (London) Ltd, a retailer specialized in the installation and maintenance of elevators and platform lifts in the province of Ontario. The agreement provides for an initial payment of $1,500,000 on the date of acquisition and four annual payments of $600,000 on the anniversary date of the acquisition. This note payable bears no interest and was recorded at its estimated fair value based on the net present value of the future cash flows calculated a rate of 6.5%. The transaction includes a potential 1 million common shares to be issued one year after the signing of the agreement if certain conditions are met. Considering the uncertainty as to the fulfilment of the said conditions, this conditional consideration has not been booked. If this condition is fulfiled, the acquisition price will be increased according to the fair value of the shares at the time when the condition is fulfiled. Goodwill will therefore be increased by the same amount.

This acquisition has been accounted for using the purchase method, and the operating results have been included in the consolidated financial statements from the date of acquisition. Since certain information is not yet available, the breakdown of the purchase price presented below is preliminary and is based on the Corporation's estimates.

Assets	
Cash	**$ 727,217**
Current asset items	**1,497,478**
Fixed assets	**221,377**
Intangible assets	**213,000**
Goodwill (non-deductible for income tax purposes)	**2,729,950**
	5,389,022
Liability assumed	
Current liability items	**1,599,336**
Future income taxes	**82,825**
Long-term debt	**35,855**
	1,718,016
Fair value of net assets acquired	**3,671,006**
Less: Cash paid in 2009	**16,515**
Cash in acquired operations	**727,217**
Note payable, current portion	**542,474**
Note payable, long-term portion	**1,492,099**
Cash flows related to the acquisition	**$ 892,701**

4. NET CHANGES IN NON-CASH ITEMS RELATED TO OPERATIONS

	Three months ended March 31	
	2010	2009
Accounts receivable	**$ 542,367**	$ 1,373,475
Research and development credits receivable	**175,153**	(63,166)
Inventories	**(452,261)**	(1,605,506)
Prepaid expenses	**(239,287)**	(318,146)
Accounts payable	**(745,728)**	39,288
Deferred revenues	**203,854**	142,216
Income taxes payable	**12,379**	-
	$ (503,523)	$ (431,839)

5. OTHER REVENUES AND EXPENSES

	Three months ended March 31	
	2010	2009
Interest and dividend income	**$ 29,585**	$ 29,407
(Loss) gain on foreign currency exchange	**(186,154)**	66,243
Interest on long-term debt	**(90,076)**	(77,137)
Interest expense and bank charges	**(40,416)**	(29,900)
Put option (note 6)	**(96,378)**	901,776
Change in the fair value of restructured notes (note 6)	**74,061**	63,284
Loss on disposal of fixed assets	**(500)**	-
Other revenues	**26,734**	3,885
	$ (283,144)	$ 957,558

6. LONG-TERM INVESTMENTS

	As at March 31	As at December 31
	2010	2009
Restructured notes (face value of $2,074,514, $2,185,039 in 2009)	**$ 1,342,891**	$ 1,309,568
Put option	**251,839**	348,217
	1,594,730	1,657,785
Guaranteed investment certificate (fair value of $2,600,000, $4,100,000 in 2009)	**2,600,000**	4,100,000
	$ 4,194,730	$ 5,757,785

The Corporation holds restructured notes ("Restructured Notes") with a face value of $2,074,514 (US $2,042,247). These notes were issued in replacement of Asset Backed Commercial Paper ("ABCP") formerly held by the Corporation. Pursuant to the terms of a restructuring plan, holders of ABCP had their short-term commercial paper exchanged for longer term notes whose maturities match those of the assets previously contained in the underlying conduits.

The Restructured Notes are classified as held-for-trading financial instruments.

Evaluation

The fair value estimate of the Restructured Notes has been calculated based on information provided by the Pan-Canadian Investor Committee, Ernst & Young Inc., the Monitor of the restructuring, and BlackRock Canada Ltd., the asset administrator.

Using this information, the Corporation was able to determine the key characteristics of each class of Restructured Notes received: face value, credit rating, interest rate, projected interest payments and maturity date. It then estimated the return that a prospective investor would require for each class of notes ("Required Yield"). Lastly, it calculated the net present value of the future cash flows for each class using the Required Yield as the discount factor.

During the first quarter, the fair value of the Restructured Notes was affected by a number of positive factors.

In spite of some volatility in credit spreads as the markets reacted to the debt crisis in Greece, there has been a continued improvement in general corporate credit conditions since the last evaluation as at December 31, 2009. This reduction in credit risk had a positive impact on the intrinsic value of the Restructured Notes due to a general lowering of default risk and a decrease in the likelihood that credit risk limits built into the notes will be exceeded. Accordingly, the Required Yield on the notes has been reduced to reflect this easing in the credit markets.

6. LONG-TERM INVESTMENTS (Cont'd)

It is anticipated that the MAV 2 Class A1 notes will continue to miss interest payments as long as interest rates remain at the currently very low levels. Given statements by the Bank of Canada and the movement in interest rate markets, the Corporation projects that no interest payments will be made until mid-year, which is, however, an improvement in assumptions over the last quarter. This improvement has a positive impact on the valuation of those notes.

Another influencing factor is the simple passage of time. As with all debt instruments, the value of the notes will approach par as the maturity date approaches providing that they do not default.

The most influencing factor during the quarter was the increase in the value of the assets related to certain asset-tracking notes. Thus, the MAV 2 Class 13 and MAV 3 Class 25 asset-tracking notes benefited from an increase in their value during the quarter, which had a positive impact on the value of those notes.

The impact of these factors was an increase in the fair value of the Restructured Notes during the period. As a result of this analysis, the Corporation estimated the fair value of these notes to be $1,342,891 (US $1,322,003) as at March 31, 2010. Accordingly, the Corporation recorded a $74,061 gain during the period as a partial reversal of impairments recorded in prior periods. Following this gain in value, there remains a balance of the reserve for impairment of $731,624 (US $720,244). It is to be pointed out that these notes are subject to uncertainty as to their eventual cash value. Although management believes that its valuation technique is appropriate under the circumstances, changes in significant assumptions could materially affect the value of the Restructured Notes in upcoming quarters. The resolution of these uncertainties could result in the ultimate value of these investments varying significantly from management's current best estimates. These investments are presented on a long-term basis.

During the first quarter, the Corporation received a total of $40,738 (US $38,005) in repayment of certain Restructured Notes. The amounts received were used as a partial reimbursement on loans secured by the Restructured Notes. As at March 31, 2010, the fair value of the Restructured Notes is estimated at $1.3 million (US $1.3 million) broken down as follows:

Restructured Categories	Thousands US $		Expected Maturity Date
	Face Value	Estimated Fair Value	
MAV 2 Notes			
A1 (rated A)	**835.4**	**677.9**	**July 15, 2056**
C	**25.9**	**0.3**	**July 15, 2056**
Traditional asset-tracking notes			
MAV 3 - Class 14	**51.1**	**46.5**	**January 1, 2021**
Ineligible asset-tracking notes			
MAV 2 - Class 13	**131.5**	**23.3**	**March 20, 2014**
MAV 3 - Class 25	**998.3**	**574.0**	**December 25, 2036**
Total investments	**2,042.2**	**1,322.0**	

On March 16, 2009, the Corporation signed two long-term financing agreements with its financial institution. The first agreement, having a balance of US $912,421 as at March 31, 2010, matures in March 2012 and is renewable for one-year periods up to a maximum of four renewal periods. The second agreement, having a balance of US $1,129,826 as at March 31, 2010, matures in March 2011 and is renewable for one-year periods up to a maximum of five renewal periods. Any renewal of these two agreements is subject to the financial institution's approval.

6. LONG-TERM INVESTMENTS (Cont'd)

The Corporation holds 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 on the related debt. As at March 31, 2010, the Corporation estimated the fair value of this option at $251,839 (US$247,922).

The Corporation also holds an option to assign to the bank the ownership of its MAV 2 notes and traditional asset-tracking notes as well as any proceeds therefrom as payment of 45% of the principal on the related debt. As at March 31, 2010, the Corporation estimated the fair value of this option to be nil.

7. CAPITAL STOCK

A) 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

B) The following table reconciles the average number of shares outstanding with the calculation of the basic and diluted net earnings per share :

	Three months ended March 31	
	2010	2009
Weighted average number of shares outstanding	**22,099,302**	27,229,181
Effect of potential dilutive securities due to stock options	**43,557**	-
Weighted average number of shares outstanding for use in determining diluted earnings per share	**22,142,859**	27,229,181

8. SEGMENTED INFORMATION

The Corporation's business structure is divided into two sectors: 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 a physical disability (adapted transport).

The business sectors are detailed as follows :

Three months ended March 31

	2010			2009		
	Accessibility	**Adapted transport**	**Total**	Accessibility	Adapted transport	Total
Sales	$ 10,926,305	$ 2,316,351	**$ 13,242,656**	$ 8,821,824	$ 2,363,888	$ 11,185,712
Operating earnings (loss)	611,419	(31,680)	**579,739**	(98,287)	(38,942)	(137,229)
Net earnings (loss)	228,753	(49,346)	**179,407**	630,329	(75,344)	554,985
Amortization	205,477	38,263	**243,740**	175,999	22,991	198,990
Additions to fixed assets	66,419	-	**66,419**	26,560	2,420	28,980

As at March 31

	2010			2009		
	Accessibility	**Adapted transport**	**Total**	Accessibility	Adapted transport	Total
Assets	$ 37,395,137	$ 5,042,860	**$ 42,437,997**	$ 38,096,619	$ 4,058,970	$ 42,155,589
Goodwill	3,236,180	-	**3,236,180**	506,230	-	506,230

8. SEGMENTED INFORMATION (Cont'd)

Information by geographic region is as follows:

	Three months ended March 31		As at March 31	As at December 31
	Sales		**Fixed assets and goodwill**	
	2010	2009	**2010**	2009
United States	**$ 6,156,906**	$ 5,555,589	**$ 448,627**	$ 448,627
Canada	**5,976,559**	4,836,874	**4,379,189**	1,475,150
Europe and elsewhere	**1,109,191**	793,249	**143,336**	148,237
	$ 13,242,656	$ 11,185,712	**$ 4,971,152**	$ 2,072,014

9. COMPARATIVE FIGURES

Certain figures have been reclassified to conform to the presentation adopted in 2010.