

SAVARIA CORPORATION
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT MARCH 31, 2015
(Unaudited and not reviewed by the Corporation's independent auditors)

SAVARIA CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in thousands of dollars - Unaudited)

	Note	March 31, 2015	December 31, 2014
Assets			
Current assets			
Cash	4	\$ 16,904	\$ 16,280
Trade and other receivables		11,026	12,168
Current portion of long-term loans		101	99
Tax credits receivable		182	264
Inventories		17,904	16,694
Prepaid expenses		1,124	635
Total current assets		47,241	46,140
Non-current assets			
Long-term loans		52	64
Fixed assets		12,116	12,122
Intangible assets		2,609	2,661
Goodwill		7,253	7,253
Deposit on purchase of fixed assets	5	101	23
Deferred tax assets		4,464	3,157
Total non-current assets		26,595	25,280
Total assets		\$ 73,836	\$ 71,420
Liabilities			
Current liabilities			
Trade and other payables		\$ 10,871	\$ 9,677
Income taxes payable		1,186	1,198
Deferred revenues		1,973	2,045
Derivative financial instruments	10	4,149	2,295
Current portion of long-term debt		2,819	2,833
Warranty provisions		447	454
Total current liabilities		21,445	18,502
Non-current liabilities			
Long-term debt		11,842	12,521
Warranty provisions		682	681
Derivative financial instruments	10	5,676	2,991
Deferred tax liabilities		233	269
Total non-current liabilities		18,433	16,462
Total liabilities		39,878	34,964
Equity			
Share capital and warrants	6	33,463	33,268
Contributed surplus		2,044	2,042
Accumulated other comprehensive loss		(6,652)	(3,564)
Retained earnings		5,103	4,710
Total equity		33,958	36,456
Total liabilities and equity		\$ 73,836	\$ 71,420

The notes on pages 7 to 11 are an integral part of these unaudited condensed consolidated interim financial statements.

SAVARIA CORPORATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Periods of three months ended March 31,
(in thousands of dollars, except per share amounts - Unaudited)

	Note	2015	2014
Revenue	7	\$ 20,234	\$ 17,688
Cost of sales		(14,163)	(12,525)
Gross margin		6,071	5,163
Operating costs			
Administrative expenses		(1,820)	(1,604)
Selling expenses		(1,819)	(1,357)
Engineering expenses		(513)	(562)
Research and development expenses		(129)	(166)
		(4,281)	(3,689)
Operating income		1,790	1,474
Finance income	8	636	311
Finance costs	8	(189)	(158)
Net finance income		447	153
Income before income tax		2,237	1,627
Income tax expense		(662)	(422)
Net income		1,575	1,205
Other comprehensive loss			
Items that may be reclassified subsequently to income or loss			
Change in the fair value of derivative financial instruments designated as cash flow hedges		(5,437)	(2,176)
Deferred income tax		1,401	551
		(4,036)	(1,625)
Losses on foreign exchange contracts transferred to net income in the current period		880	359
Deferred income tax		(227)	(90)
		653	269
Net change in fair value of derivative financial instruments designated as cash flow hedges		(3,383)	(1,356)
Unrealized net gains on translation of financial statements of foreign operations		295	3
Other comprehensive loss, net of income tax		(3,088)	(1,353)
Total comprehensive loss		\$ (1,513)	\$ (148)
Earnings per share:			
Basic		\$ 0.05	\$ 0.05
Diluted		\$ 0.05	\$ 0.05

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SAVARIA CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Period of three months ended March 31,
(in thousands of dollars - Unaudited)

	2014					
	Share capital		Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Total equity
	Number	Amount				
Balance at January 1, 2014	23,410,864	\$ 13,969	\$ 2,079	\$ (1,314)	\$ 5,499	\$ 20,233
<u>Total comprehensive loss</u>						
Net income	-	-	-	-	1,205	1,205
Other comprehensive loss:						
Change in the fair value of derivative financial instruments designated as cash flow hedges, net of tax	-	-	-	(1,625)	-	(1,625)
Losses on foreign exchange contracts transferred to net income in the current period, net of tax	-	-	-	269	-	269
Unrealized net gains on translation of financial statements of foreign operations	-	-	-	3	-	3
Other comprehensive loss	-	-	-	(1,353)	-	(1,353)
Total comprehensive loss	-	\$ -	\$ -	\$ (1,353)	\$ 1,205	\$ (148)
<u>Transactions with owners, recorded directly in equity</u>						
Compensation expense on options granted	-	-	5	-	-	5
Share options exercised (note 6)	393,750	611	(130)	-	-	481
Dividends on common shares	-	-	-	-	(3,095)	(3,095)
Total transactions with owners	393,750	611	(125)	-	(3,095)	(2,609)
Balance at March 31, 2014	23,804,614	\$ 14,580	\$ 1,954	\$ (2,667)	\$ 3,609	\$ 17,476

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SAVARIA CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Period of three months ended March 31,
(in thousands of dollars - Unaudited)

	2015						
	Share capital and warrants			Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Total equity
	Number		Amount				
	Share capital	Warrants					
Balance at January 1, 2015	29,554,614	2,875,000	33,268	2,042	(3,564)	4,710	\$ 36,456
<u>Total comprehensive loss</u>							
Net income	-	-	-	-	-	1,575	1,575
Other comprehensive loss:							
Change in the fair value of derivative financial instruments designated as cash flow hedges, net of tax	-	-	-	-	(4,036)	-	(4,036)
Losses on foreign exchange contracts transferred to net income in the current period, net of tax	-	-	-	-	653	-	653
Unrealized net gains on translation of financial statements of foreign operations	-	-	-	-	295	-	295
Other comprehensive loss	-	-	-	-	(3,088)	-	(3,088)
Total comprehensive loss	-	-	\$ -	\$ -	\$ (3,088)	\$ 1,575	\$ (1,513)
<u>Transactions with owners, recorded directly in equity</u>							
Compensation expense on options granted	-	-	-	33	-	-	33
Share options exercised (note 6)	125,000	-	195	(31)	-	-	164
Dividends on common shares	-	-	-	-	-	(1,182)	(1,182)
Total transactions with owners	125,000	-	195	2	-	(1,182)	(985)
Balance at March 31, 2015	29,679,614	2,875,000	\$ 33,463	\$ 2,044	\$ (6,652)	\$ 5,103	\$ 33,958

The notes on pages 7 to 11 are an integral part of these unaudited condensed consolidated interim financial statements.

SAVARIA CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
Periods of three months ended March 31,
(in thousands of dollars - Unaudited)

	Note	2015	2014
Cash flows from operating activities			
Net income		\$ 1,575	\$ 1,205
Adjustments for:			
Depreciation of fixed assets		250	240
Amortization of intangible assets		215	197
Income tax expense		662	422
Compensation expense on share options granted		33	5
Gains on foreign exchange contracts cashed in advance and transferred to net income		(19)	(65)
Unrealized foreign exchange loss (gain) on non-current monetary items		242	(3)
Interest cost	8	189	158
		3,147	2,159
Net changes in non-cash operating items	9	525	(436)
Proceeds from long-term loans		20	48
Income tax paid		(665)	(91)
Net cash from operating activities		3,027	1,680
Cash flows used in investing activities			
Proceeds from sales of fixed assets		4	-
Deposit on purchase of fixed assets	5	(101)	-
Additions to fixed assets		(168)	(64)
Increase in intangible assets		(215)	(6)
Net cash used in investing activities		(480)	(70)
Cash flows used in financing activities			
Increase in long-term debt		-	21
Repayment of borrowings		(750)	(1,063)
Interest paid		(155)	(154)
Proceeds from exercise of share options	6	164	481
Dividends paid on common shares		(1,182)	-
Net cash used in financing activities		(1,923)	(715)
Net change in cash		624	895
Cash at the beginning of the period		16,280	1,968
Cash at the end of the period		\$ 16,904	\$ 2,863

The notes on pages 7 to 11 are an integral part of these unaudited condensed consolidated interim financial statements.

SAVARIA CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Tabular amounts are expressed in thousands of dollars - Unaudited)

1 . Reporting entity

Savaria Corporation is a company domiciled in Canada. The address of its registered office is 2724 Étienne-Lenoir Street, Laval, Québec. The condensed consolidated interim financial statements of the Corporation as at and for the periods ended March 31, 2015 and 2014 comprise the accounts of Savaria Corporation and its wholly owned subsidiaries (together referred to as the "Corporation"). The activities of the Corporation are divided into two operating segments. The *Accessibility* segment consists of designing, manufacturing, installing and distributing elevators, platform lifts and stairlifts for people with mobility challenges as well as the operation of a network of franchisees and a lead generation program. The *Adapted vehicle* segment consists of converting and adapting vans also for persons with mobility challenges.

The consolidated financial statements of the Corporation as at and for the year ended December 31, 2014 are available upon request from the Corporation's registered office, at www.savaria.com or on SEDAR's website at www.sedar.com.

2 . Basis of presentation

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34.

These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Corporation and the notes thereto for the year ended on December 31, 2014. These condensed consolidated interim financial statements have not been the subject of a review or an audit by the Corporation's auditors; they were approved by the Board of Directors on May 13, 2015.

3 . Significant accounting policies

The condensed consolidated interim financial statements have been prepared following the same accounting policies used in the annual consolidated financial statements for the year ended December 31, 2014, except for the adoption of new accounting standards as outlined below.

The accounting policies have been applied consistently by the Corporation's entities and to all periods presented in these condensed consolidated interim financial statements, unless otherwise indicated.

New accounting standards adopted

The following new standards, and amendments to standards and interpretations have been applied in preparing the condensed consolidated interim financial statements as at March 31, 2015. The adoption of these new standards has not had a material impact on the 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.

SAVARIA CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Tabular amounts are expressed in thousands of dollars - Unaudited)

3 . Significant accounting policies (continued)

New accounting standards adopted (continued)

Annual Improvements to IFRS (2010-2012) and (2011-2013) cycles (continued)

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.

4 . Cash

	2015	2014
Bank balances	\$ 16,904	\$ 18,280
Bank loans used in cash management	-	(2,000)
Cash	\$ 16,904	\$ 16,280

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

As at March 31, 2015, an amount of \$4,445,000 (December 31, 2014-\$540,000) is reserved as surety to cover unrealized losses on foreign exchange forward contracts.

5 . Deposit on purchase of fixed assets

On February 24, 2015, the Corporation made an offer for the purchase of a building, which was accepted by the sellers, in the amount of \$4,200,000. The Corporation intends to obtain the financing necessary to meet its obligations. A deposit of \$101,000 was paid during the first quarter of 2015.

6 . Share capital

During the first quarter of 2015, the Corporation issued 125,000 common shares (2014-393,750) at an average price of \$1.32 per share (2014-\$1.22) following the exercise of stock options. These exercises resulted in an increase in share capital of \$195,000 (2014-\$611,000) and a decrease in contributed surplus of \$31,000 (2014-\$130,000). At March 31, 2015, 1,092,500 options are outstanding (2014-732,500) at a weighted average exercise price of \$3.27 per share (2014-\$2.25).

SAVARIA CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Tabular amounts are expressed in thousands of dollars - Unaudited)

7 . Revenue

	Periods of three months ended March 31,	
	2015	2014
Sale of goods	\$ 18,650	\$ 16,155
Rendering of services	1,423	1,533
Royalties	161	-
	\$ 20,234	\$ 17,688

8 . Finance income and finance costs

	Periods of three months ended March 31,	
	2015	2014
Interest income	\$ 33	\$ 2
Net gain on foreign currency exchange	603	309
Finance income	\$ 636	\$ 311
Interest on long-term debt	\$ 146	\$ 136
Interest expense and bank charges	43	22
Finance costs	\$ 189	\$ 158

9 . Net changes in non-cash operating items

	Periods of three months ended March 31,	
	2015	2014
Trade and other receivables	\$ 1,142	\$ (271)
Tax credits receivable	(34)	(52)
Inventories	(1,210)	(998)
Prepaid expenses	(489)	(277)
Trade and other payables	1,194	938
Deferred revenues	(72)	217
Warranty provision	(6)	7
	\$ 525	\$ (436)

10 . Financial instruments

The table below indicates the presentation of the derivative financial instruments in the statement of financial position.

	March 31, 2015	December 31, 2014
Current liabilities		
Foreign exchange derivatives	\$ 4,015	\$ 2,213
Interest rate derivatives	134	82
	\$ 4,149	\$ 2,295
Non-current liabilities		
Foreign exchange derivatives	\$ 5,552	\$ 2,925
Interest rate derivatives	124	66
	\$ 5,676	\$ 2,991

SAVARIA CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*(Tabular amounts are expressed in thousands of dollars - Unaudited)***10 . Financial instruments (continued)****Risk Management****Currency risk**

The Corporation realizes approximately 63% (2014-59%) 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 raw 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, anticipated net inflows in US dollars can be hedged up to a maximum of 75%.

The following tables summarize the characteristics of the foreign exchange contracts:

As at March 31, 2015

Maturity	Type	Weighted average exchange rate	Contractual amounts (in thousands of US dollars)
0 to 12 months	Sale	1.0438	\$18,000
12 to 24 months	Sale	1.0733	18,500
24 to 35 months	Sale	1.1366	16,500
		1.0830	\$53,000

As at December 31, 2014

Maturity	Type	Weighted average exchange rate	Contractual amounts (in thousands of US dollars)
0 to 12 months	Sale	1.0407	\$18,000
12 to 24 months	Sale	1.0560	17,500
24 to 36 months	Sale	1.1145	19,000
		1.0713	\$54,500

Interest rate risk

The Corporation's interest rate risk arises from cash, long-term loans, bank loans and long-term debt. Cash and borrowings issued at variable rates expose the Corporation to the risk of variance in cash flows due to changes in interest rates, whereas long-term loans 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 analyzes its interest risk exposure on a continual basis and examines its renewal and refinancing options in order to minimize risks.

The Corporation signed a financing agreement in April 2012 comprising of two long-term debts. Since those debts bear interest at variable rates, the Corporation decided to enter into interest rate swap contracts to minimize its risk related to changes in interest rates.

SAVARIA CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Tabular amounts are expressed in thousands of dollars - Unaudited)

10 . Financial instruments (continued)

Interest rate risk (continued)

Maturity	Fixed interest rate	Original capital amount	Balance	
			March 31, 2015	December 31, 2014
April 2017	1.98%	\$7,000	\$4,068	\$4,317
April 2017	2.08%	\$9,600	\$7,729	\$7,888

A stamping fee of 1.5% is added to the interest rates stated above.

11 . Operating segments

Information about the operating segments

The Corporation's business structure is divided into two segments that are presented distinctly for financial reporting purposes. Segments are basically structured according to the main market segments that they serve. The *Accessibility* segment includes manufacturing and distributing residential and commercial accessibility equipment for people with mobility challenges as well as the operation of a network of franchisees through which new and recycled accessibility equipment is sold, and a lead generation program to distribute the name of potential customers to over 100 affiliates in North America. The *Adapted vehicles* segment consists of converting and adapting vehicles for persons with mobility challenges, for personal or commercial use (taxis).

Periods of
three months ended March 31,

	Accessibility	Adapted Vehicles	Head-office	Total
2015				
External revenues	\$ 17,392	\$ 2,842	\$ -	\$ 20,234
Income (loss) before income tax	\$ 2,184	\$ 356	\$ (303)	\$ 2,237
2014				
External revenues	\$ 14,781	\$ 2,907	\$ -	\$ 17,688
Income (loss) before income tax	\$ 1,573	\$ 222	\$ (168)	\$ 1,627

	Accessibility	Adapted Vehicles	Head-office	Total
March 31, 2015				
Segment's assets	\$ 48,482	\$ 6,880	\$ 18,474	\$ 73,836
Segment's liabilities	\$ 25,822	\$ 1,457	\$ 12,599	\$ 39,878
December 31, 2014				
Segment's assets	\$ 39,709	\$ 6,924	\$ 24,787	\$ 71,420
Segment's liabilities	\$ 18,635	\$ 1,236	\$ 15,093	\$ 34,964

12 . Subsequent event

On April 20, 2015, the Corporation entered into an agreement with a syndicate of underwriters for the purchase, on a bought deal private placement basis, of 2,875,000 common shares at a price of \$5.00 per share, for gross proceeds to Savaria of \$14,375,000 and proceeds, net of the commission, of \$13,719,000. The transaction closed on May 13, 2015.