SAVARIA CORPORATION

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT JUNE 30, 2017

(Unaudited and not reviewed by the Corporation's independent auditors)

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

	Note	June 30, 2017	December 31, 2016
Assets			
Current assets			
Cash		$ 6,773	$ 51,230
Trade and other receivables		26,104	13,160
Income taxes receivable		908	-
Inventories		35,469	24,792
Prepaid expenses		1,985	1,057
Deposit		627	-
Total current assets		71,866	90,239
Non-current assets			
Derivative financial instruments	*12*	873	171
Long-term loans		21	33
Fixed assets		32,049	19,530
Intangible assets and goodwill	*5*	91,395	12,049
Deposits on purchases of fixed assets		4,153	262
Other long-term assets		195	-
Deferred tax assets		257	3,848
Total non-current assets		128,943	35,893
Total assets		$ 200,809	$ 126,132
Liabilities			
Current liabilities			
Trade and other payables		$ 23,066	$ 14,340
Income taxes payable		244	1,349
Deferred revenues		3,825	2,671
Derivative financial instruments	*12*	2,081	4,298
Current portion of long-term debt	*6*	1,037	3,436
Warranty provisions		905	510
Total current liabilities		31,158	26,604
Non-current liabilities			
Long-term debt	*6*	34,939	13,855
Warranty provisions		765	757
Other long-term liabilities		335	49
Derivative financial instruments	*12*	126	1,699
Deferred tax liabilities		174	183
Total non-current liabilities		36,339	16,543
Total liabilities		67,497	43,147
Equity			
Share capital and warrants	*7*	119,978	72,791
Contributed surplus		2,762	2,587
Accumulated other comprehensive loss		(743)	(4,050)
Retained earnings		11,315	11,657
Total equity		133,312	82,985
Total liabilities and equity		$ 200,809	$ 126,132

The notes on pages 8 to 16 are an integral part of these unaudited condensed consolidated interim financial statements.

SAVARIA CORPORATION
CONSOLIDATED INTERIM STATEMENTS OF NET INCOME
(in thousands of dollars, except per share amounts - Unaudited)

	Note	Periods of three months ended June 30, 2017	2016	Periods of six months ended June 30, 2017	2016
Revenue	*8*	**$ 39,134**	$ 30,086	**$ 70,260**	$ 56,302
Cost of sales		**(26,011)**	(20,291)	**(46,292)**	(38,040)
Gross margin		**13,123**	9,795	**23,968**	18,262
Operating expenses					
Administrative		**(3,186)**	(2,169)	**(5,736)**	(4,083)
Selling		**(3,356)**	(2,255)	**(6,028)**	(4,340)
Engineering		**(622)**	(640)	**(1,296)**	(1,288)
Research and development		**(235)**	(221)	**(516)**	(420)
		(7,399)	(5,285)	**(13,576)**	(10,131)
Other expenses	*9*	**(1,252)**	(654)	**(1,277)**	(546)
Operating income		**4,472**	3,856	**9,115**	7,585
Finance income	*10*	**146**	156	**263**	126
Finance costs	*10*	**(344)**	(195)	**(620)**	(634)
Net finance costs		**(198)**	(39)	**(357)**	(508)
Income before income tax		**4,274**	3,817	**8,758**	7,077
Income tax expense		**(1,510)**	(1,054)	**(2,657)**	(1,931)
Net income		**$ 2,764**	$ 2,763	**$ 6,101**	$ 5,146
Earnings per share:					
Basic		**$ 0.07**	$ 0.09	**$ 0.16**	$ 0.16
Diluted		**$ 0.07**	$ 0.08	**$ 0.16**	$ 0.15

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SAVARIA CORPORATION
CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
(in thousands of dollars - Unaudited)

	Periods of three months ended June 30,		Periods of six months ended June 30,	
	2017	2016	**2017**	2016
Net income	**$ 2,764**	$ 2,763	**$ 6,101**	$ 5,146
Other comprehensive income				
Items that are or may be reclassified subsequently to income or loss				
Change in the fair value of derivative financial instruments designated as cash flow hedges	**1,553**	251	**2,156**	4,320
Deferred income tax	**(400)**	(65)	**(555)**	(1,111)
	1,153	186	**1,601**	3,209
Losses on foreign exchange contracts transferred to net income in the current period	**1,098**	1,086	**2,338**	2,538
Deferred income tax	**(282)**	(279)	**(601)**	(652)
	816	807	**1,737**	1,886
Net change in fair value of derivative financial instruments designated as cash flow hedges	**1,969**	993	**3,338**	5,095
Unrealized net losses on translation of financial statements of foreign operations	**(104)**	(154)	**(31)**	(417)
Other comprehensive income, net of income tax	**1,865**	839	**3,307**	4,678
Total comprehensive income	**$ 4,629**	$ 3,602	**$ 9,408**	$ 9,824

The notes on pages 8 to 16 are an integral part of these unaudited condensed consolidated interim financial statements.

SAVARIA CORPORATION
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
Period of six months ended June 30, 2016
(in thousands of dollars - Unaudited)

	2016						
	Share capital and warrants						
	Number						
	Share capital	Warrants	Amount	Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Total equity
Balance at January 1, 2016	**32,579,614**	**2,875,000**	**$ 47,878**	**$ 2,265**	**$ (8,548)**	**$ 7,618**	**$ 49,213**
Total comprehensive income							
Net income	-	-	-	-	-	5,146	**5,146**
Other comprehensive income:							
Change in the fair value of derivative financial instruments designated as cash flow hedges, net of tax	-	-	-	-	3,209	-	**3,209**
Losses on foreign exchange contracts transferred to net income in the current period, net of tax	-	-	-	-	1,886	-	**1,886**
Unrealized net losses on translation of financial statements of foreign operations	-	-	-	-	(417)	-	**(417)**
Other comprehensive income	-	-	-	-	4,678	-	**4,678**
Total comprehensive income	-	-	$ -	$ -	$ 4,678	$ 5,146	**$ 9,824**
Transactions with owners, recorded directly in equity							
Shares issued in relation to a private placement (note 7)	2,600,000	-	20,280	-	-	-	**20,280**
Share issue costs, net of tax (note 7)	-	-	-	-	-	(865)	**(865)**
Compensation expense on options granted	-	-	-	159	-	-	**159**
Share options exercised (note 7)	87,500	-	145	(13)	-	-	**132**
Exercise of warrants (note 7)	38,750	(38,750)	165	-	-	-	**165**
Dividends on common shares (note 7)	-	-	-	-	-	(3,267)	**(3,267)**
Total transactions with owners	2,726,250	(38,750)	20,590	146	-	(4,132)	**16,604**
Balance at June 30, 2016	**35,305,864**	**2,836,250**	**$ 68,468**	**$ 2,411**	**$ (3,870)**	**$ 8,632**	**$ 75,641**

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SAVARIA CORPORATION
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
Period of six months ended June 30, 2017
(in thousands of dollars - Unaudited)

	2017						
	Share capital and warrants						
	Number						
	Share capital	Warrants	Amount	Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Total equity
Balance at January 1, 2017	**36,353,947**	**1,866,500**	**$ 72,791**	**$ 2,587**	**$ (4,050)**	**$ 11,657**	**$ 82,985**
Total comprehensive income							
Net income	-	-	-	-	-	6,101	**6,101**
Other comprehensive income:							
Change in the fair value of derivative financial instruments designated as cash flow hedges, net of tax	-	-	-	-	1,601	-	**1,601**
Losses on foreign exchange contracts transferred to net income in the current period, net of tax	-	-	-	-	1,737	-	**1,737**
Unrealized net losses on translation of financial statements of foreign operations	-	-	-	-	(31)	-	**(31)**
Other comprehensive income	-	-	-	-	3,307	-	**3,307**
Total comprehensive income	-	-	$ -	$ -	$ 3,307	$ 6,101	**$ 9,408**
Transactions with owners, recorded directly in equity							
Shares issued in relation to a private placement (note 7)	2,760,000	-	38,364	-	-	-	**38,364**
Share issue costs, net of tax (note 7)	-	-	-	-	-	(1,406)	**(1,406)**
Compensation expense on options granted	-	-	-	298	-	-	**298**
Share options exercised (note 7)	196,667	-	890	(123)	-	-	**767**
Exercise of warrants (note 7)	1,866,500	(1,866,500)	7,933	-	-	-	**7,933**
Dividends on common shares (note 7)	-	-	-	-	-	(5,037)	**(5,037)**
Total transactions with owners	4,823,167	(1,866,500)	47,187	175	-	(6,443)	**40,919**
Balance at June 30, 2017	**41,177,114**	**-**	**$ 119,978**	**$ 2,762**	**$ (743)**	**$ 11,315**	**$ 133,312**

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SAVARIA CORPORATION
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(in thousands of dollars - Unaudited)

	Note	Periods of three months ended June 30, 2017	2016	Periods of six months ended June 30, 2017	2016
Cash flows related to operating activities					
Net income		**$ 2,764**	$ 2,763	**$ 6,101**	$ 5,146
Adjustments for:					
Depreciation of fixed assets		**444**	295	**812**	620
Amortization of intangible assets		**211**	172	**398**	340
Income tax expense		**1,510**	1,054	**2,657**	1,931
Compensation expense on share options granted		**212**	93	**298**	159
Unrealized foreign exchange losses		**383**	85	**574**	297
Finance costs	*10*	**152**	195	**334**	391
Others		**4**	-	**(22)**	-
		5,680	4,657	**11,152**	8,884
Net changes in non-cash operating items	*11*	**(1,997)**	2,859	**(2,607)**	264
Proceeds from long-term loans		**3**	2	**12**	18
Income tax paid		**(1,175)**	(967)	**(3,267)**	(2,947)
Net cash related to operating activities		**2,511**	6,551	**5,290**	6,219
Cash flows related to investing activities					
Business acquisitions	*4*	**(98,339)**	(8,675)	**(102,396)**	(8,675)
Deposits on purchases of fixed assets		**(3,823)**	272	**(3,891)**	-
Additions to fixed assets		**(491)**	(1,398)	**(764)**	(1,710)
Increase in intangible assets		**(558)**	(251)	**(864)**	(335)
Net cash related to investing activities		**(103,211)**	(10,052)	**(107,915)**	(10,720)
Cash flows related to financing activities					
Increase in long-term debt	*6*	**35,333**	2,000	**35,333**	2,000
Repayment of borrowings	*6*	**(15,129)**	(463)	**(16,036)**	(1,211)
Interest paid		**(77)**	(173)	**(241)**	(344)
Transaction costs related to a long-term debt	*6*	**(706)**	-	**(706)**	-
Proceeds from the issuance of common shares in relation to a private placement, net of transaction fees	*7*	**36,452**	19,097	**36,452**	19,097
Proceeds from exercise of share options	*7*	**371**	-	**767**	132
Proceeds from exercise of warrants	*7*	**2,263**	165	**7,933**	165
Dividends paid on common shares	*7*	**(2,673)**	(1,635)	**(5,037)**	(3,267)
Net cash related to financing activities		**55,834**	18,991	**58,465**	16,572
Net change in cash		**(44,866)**	15,490	**(44,160)**	12,071
Cash at the beginning of the period		**51,749**	26,102	**51,230**	29,707
Unrealized foreign exchange loss on cash held in foreign currencies		**(110)**	(135)	**(297)**	(321)
Cash at the end of the period		**$ 6,773**	$ 41,457	**$ 6,773**	$ 41,457

The notes on pages 8 to 16 are an integral part of these unaudited condensed consolidated interim financial statements.

1 . Reporting Entity

Savaria Corporation is a company domiciled in Canada. The address of its registered office is 4350 Chomedey Highway, Laval, Québec. The consolidated financial statements of the Corporation as at and for the periods ended June 30, 2017 and 2016 comprise the accounts of Savaria Corporation and its wholly owned subsidiaries (together referred to as the "Corporation" or as "Savaria"). Savaria is one of North America's leaders in the accessibility industry. It provides accessibility solutions for the elderly and physically challenged to increase their comfort, their mobility and their independence. The activities of the Corporation are divided into three operating segments: the *Accessibility* segment, the *Adapted Vehicles* segment and the *Span* segment as described in note 13 "Operating segments". Taking into account its most recent acquisition, the Corporation will realize approximately 70% of its revenue outside of Canada, mainly in the United States.

The consolidated financial statements of the Corporation as at and for the year ended December 31, 2016 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, 2016. 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 August 10, 2017.

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, 2016, 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 June 30, 2017. The adoption of these new standards has not had a material impact on the financial statements.

Disclosure Initiative (Amendments to IAS 7)

On January 7, 2016 the IASB issued *Disclosure Initiative (Amendments to IAS 7)* . The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. One way to meet this new disclosure requirement is to provide a reconciliation between the opening and closing balances for liabilities from financing activities.

3 . Significant Accounting Policies (continued)

New Accounting Standards Adopted (continued)

Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)

On January 19, 2016 the IASB issued *Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)* . The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also clarify the methodology to determine the future taxable profits used for assessing the utilization of deductible temporary differences.

4 . Business Acquisitions

(i) Premier Lifts

On February 10, 2017, the Corporation acquired the assets of Premier Lifts, Inc. ("Premier Lifts") by way of its subsidiary Savaria USA Inc. Premier Lifts is a leading elevator dealer in the Baltimore – Washington area that has been installing Savaria products for the last 15 years. This acquisition offered an opportunity to continue our strong sales and service presence in this marketplace. The total consideration amounts to $4,057,000 ($3,100,000 US) of which $3,664,000 ($2,800,000 US) has been paid on the date of acquisition and $393,000 ($300,000 US) has been deposited into escrow and will be released, under certain conditions, 18 months after the date of acquisition. Acquisition related costs amounting to $64,000, of which $25,000 have been recorded in 2016 and $39,000 in the first quarter of 2017, have been included in Other expenses. The amounts paid came from the Corporation’s available cash on hand.

The purchased assets are mainly accounts receivable, inventories, fixed and intangible assets, and goodwill; the latter arising from the synergies between Savaria and Premier Lifts and the additional sales of accessibility products that will result from them. The goodwill has been allocated to the *Accessibility* operating segment.

(ii) Span-America

On June 16, 2017, the Corporation acquired the shares of Span-America Medical Systems Inc. ("Span"). Span manufactures and markets the most comprehensive line of therapeutic support surfaces and other pressure management products for the medical market, medical beds for the long-term care market as well as foam mattress overlays and pillows for the consumer market and certain products for the industrial market, mainly foam products. This acquisition delivers three key benefits that will help Savaria achieve its long-term strategic growth objectives. Firstly, it adds a complementary product line to its accessibility portfolio. Secondly, it provides it with a new distribution channel into the institutional and government markets, which will complement its existing dealer network and Silver Cross retail outlets. Finally, it increases its US presence, allowing it to be closer to 50% of its current business.

The total consideration amounts to $107,204,000 ($81,019,000 US) paid on the date of acquisition. Acquisition related costs amounting to $1,263,000, have been included in other expenses in the second quarter of 2017. In addition to its cash on hand, the Corporation drew from a new revolving credit facility (note 6) and a private placement (note 7) to finance the purchase price payable under this transaction.

The purchased assets are mainly cash, accounts receivable, inventories, fixed and intangible assets, and goodwill; the latter arising from the synergies between Savaria and Span and the additional sales of accessibility products that will result from them. The goodwill has been allocated to the *Span* operating segment.

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

4 . Business Acquisitions (continued)

As at June 30, 2017, the Corporation hadn't finalized the allocation of the consideration paid between the identifiable net assets and the goodwill of the above business acquisitions. The information required to confirm the fair value of certain assets and liabilities has not been obtained yet. The Corporation will finalize the allocation of the consideration paid as it obtains further information. The following table presents the preliminary allocation of the consideration paid according to the information gathered to date. In conformity with IFRS 3, *Business combinations* , the acquisition has been accounted for using the acquisition method.

	Premier Lifts	Span	Total
Assets acquired			
Current assets	$ 601	$ 31,571	$ 32,172
Fixed assets	209	12,411	12,620
Other long-term assets	-	282	282
Intangible assets and goodwill	4,272	74,869	79,141
	$ 5,082	$ 119,133	$ 124,215
Liability assumed			
Current liabilities	1,025	9,020	10,045
Other long-term liabilities	-	2,909	2,909
	$ 1,025	$ 11,929	$ 12,954
Fair value of net assets acquired and cash flows related to the acquisitions	$ 4,057	$ 107,204	$ 111,261
Less: Cash in acquired business	$ -	8,865	8,865
Cash flows related to the acquisitions	$ 4,057	$ 98,339	$ 102,396

The following table provides the revenue and net income contributions of the business acquisitions that have taken place in 2017, from their respective dates of acquisition and estimated as if these acquisitions had occurred on January 1, 2017. These estimates were prepared using historical information obtained from the acquiree and do not reflect the acquisition costs nor the benefits of integration activities, synergies and changes to historical transactions that may have resulted had the acquisition actually occurred on January 1, 2017. Estimated amounts are not necessarily indicative of the results of operations of the acquired businesses that would have resulted had the acquisitions actually occurred on January 1, 2017, nor the results that may be obtained in the future.

	Since the date of acquisition		Since January 1st	
	Revenue	Net income	Revenue	Net income
Premier Lifts	$ 3,104	$ 396	$ 3,549	$ 302
Span	$ 3,381	$ 28	$ 41,291	$ 3,092

5 . Intangible Assets and Goodwill

	2017	2016
Intangible assets	$ 3,098	$ 2,893
Goodwill	9,156	9,156
Intangible assets and goodwill from acquisitions (note 4)	79,141	-
	$ 91,395	$ 12,049

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

6 . Long-term Debt

Reconciliation of movements of long-term debt to cash flows arising from financing activities:

	Total
Balance on January 1	**$ 17,291**
Increase in borrowings	**35,333**
Repayment of borrowings	**(16,036)**
Capitalized finance costs on long-term debt	**31**
Transaction costs related to loans	**(706)**
Reversal of transactions costs related to loans repaid during the year	**63**
Balance on June 30	**$ 35,976**

During the second quarter of 2017, the Corporation signed a new financing agreement with its financial institution in the form of a revolving line of credit totaling $110,000,000 of which $35,262,000 was drawn as at June 30, 2017. The agreement expires on June 16, 2022. Under this agreement, the balance of the Corporation's existing loans in the amount of $14,717,000 was repaid and re-borrowed on the new line of credit on the same day. A process for consolidating bank accounts in Canada in Canadian dollars and US dollars has been put in place. Under this process, any daily net debit balance is applied against the balance of the credit line while any daily net credit balance increases the balance of the credit line. Only interest is payable monthly at prime rate and this debt is presented as long-term in the consolidated statement of financial position.

7 . Share capital

During the first half of 2017, the Corporation issued 196,667 common shares (2016-87,500) at an average price of $3.90 per share (2016-$1.51) following the exercise of stock options. The average closing price on the exercise dates was $13.19 (2016-$5.35). These exercises resulted in an increase in share capital of $890,000 (2016-$145,000) and a decrease in contributed surplus of $123,000 (2016-$13,000). At June 30, 2017, 2,009,999 options are outstanding (2016-1,585,000) at a weighted average exercise price of $8.08 per share (2016-$4.24). During the same period, 1,866,500 warrants were exercised and exchanged for the same number of common shares (2016-38,750) at a price of $4.25 per share. These exercises resulted in an increase in share capital of $7,933,000 (2016-$165,000).

During the first half of 2017, the Corporation declared and paid 13 cents in dividends (2016-10 cents).

On June 16, 2017, the Corporation completed a “bought deal” private placement of 2,760,000 common shares (2016-2,600,000) at a price of $13.90 per share (2016-$7.80) for gross proceeds to Savaria of $38,364,000 (2016-$20,280,000) and proceeds net of transaction fees of $36,452,000 (2016-$19,097,000). The issued common shares are subject to a statutory holding period expiring on September 19, 2017.

8 . Revenue

	Periods of three months ended June 30,		Periods of six months ended June 30,	
	2017	**2016**	**2017**	**2016**
Sale of goods	**$ 36,496**	$ 28,229	**$ 65,481**	$ 52,603
Rendering of services	**2,460**	1,630	**4,419**	3,277
Royalties	**178**	227	**360**	422
	$ 39,134	**$ 30,086**	**$ 70,260**	**$ 56,302**

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

9 . Other expenses

	Periods of three months ended June 30,		Periods of six months ended June 30,	
	2017	**2016**	**2017**	**2016**
Business acquisition costs related to administrative expenses (note 4)	**$ 1,263**	$ 656	**$ 1,302**	$ 656
Grant received [1]	**-**	-	**-**	(98)
Others	**(11)**	(2)	**(25)**	(12)
	$ 1,252	**$ 654**	**$ 1,277**	**$ 546**

[1] Grant received by the Savaria Huizhou subsidiary linked to a request to be classified as a high-tech company.

10 . Finance income and finance costs

	Periods of three months ended June 30,		Periods of six months ended June 30,	
	2017	**2016**	**2017**	**2016**
Interest income	**$ 146**	$ 61	**$ 263**	$ 126
Net gain on foreign currency exchange	**-**	95	**-**	-
Finance income	**$ 146**	**$ 156**	**$ 263**	**$ 126**
Interest on long-term debt	**$ 117**	$ 145	**$ 262**	$ 297
Interest and bank charges	**35**	50	**72**	94
Financing charges	**63**	-	**63**	-
Net loss on foreign currency exchange	**129**	-	**223**	243
Finance costs	**$ 344**	**$ 195**	**$ 620**	**$ 634**

11 . Net changes in non-cash operating items

	Periods of three months ended June 30,		Periods of six months ended June 30,	
	2017	**2016**	**2017**	**2016**
Trade and other receivables	**$ (3,506)**	$ 360	**$ (3,487)**	$ (979)
Tax credits receivable	**-**	(78)	**-**	(115)
Inventories	**827**	757	**354**	(389)
Prepaid expenses	**572**	145	**(104)**	(187)
Trade and other payables	**598**	1,646	**507**	1,996
Deferred revenues	**(480)**	2	**134**	(103)
Warranty provision	**(8)**	27	**(11)**	41
	$ (1,997)	**$ 2,859**	**$ (2,607)**	**$ 264**

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

12 . Financial instruments

Fair values versus carrying amounts

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	June 30, 2017		December 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at fair value				
Foreign exchange forward contracts	**$ 807**	**$ 807**	$ 129	$ 129
Interest rate swap agreements	**66**	**66**	42	42
	$ 873	**$ 873**	**$ 171**	**$ 171**
Assets carried at amortized cost				
Long-term loans	**$ 21**	**$ 21**	**$ 33**	**$ 33**
Liabilities carried at fair value				
Foreign exchange forward contracts	**$ (2,207)**	**$ (2,207)**	$ (5,951)	$ (5,951)
Interest rate swap agreements	**-**	**-**	(46)	(46)
	$ (2,207)	**$ (2,207)**	**$ (5,997)**	**$ (5,997)**
Liabilities carried at amortized cost				
Long-term debt	**$ (35,976)**	**$ (35,956)**	**$ (17,291)**	**$ (17,287)**

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

	June 30, 2017	December 31, 2016
Non-current assets		
Foreign exchange derivatives	**$ 807**	$ 129
Interest rate derivatives	**66**	42
	$ 873	**$ 171**
Current liabilities		
Foreign exchange derivatives	**$ 2,081**	$ 4,252
Interest rate derivatives	**-**	46
	$ 2,081	**$ 4,298**
Non-current liabilities		
Foreign exchange derivatives	**$ 126**	**$ 1,699**

All of these financial instruments are Level 2, except for long-term loans and long-term debt which are Level 3. 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.

12 . Financial instruments (continued)

Risk Management

Currency risk

During the first half of 2017, the Corporation realized approximately 58% (2016-62%) of its revenue in foreign currencies. Going forward, taking into account its most recent acquisition, the Corporation will realize approximately 70% of its revenue outside of Canada, mainly in US dollars. Accordingly, the Corporation is exposed to market risks related to foreign exchange fluctuations for which it partially compensates 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 June 30, 2017

Maturity	Type	Weighted average exchange rate	Contractual amounts (in thousands of US dollars)
0 to 12 months	Sale	1.1772	$18,000
12 to 24 months	Sale	1.3012	18,000
24 to 36 months	Sale	1.2984	17,000
36 to 46 months	Sale	1.3070	10,000
		1.2659	**$63,000**

As at December 31, 2016

Maturity	Type	Weighted average exchange rate	Contractual amounts (in thousands of US dollars)
0 to 12 months	Sale	1.1145	$19,000
12 to 24 months	Sale	1.2654	18,000
24 to 35 months	Sale	1.2985	16,500
		1.2220	**$53,500**

Interest rate risk

The Corporation's interest rate risk arises from cash, long-term 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.

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

12 . Financial instruments (continued)

Interest rate risk (continued)

The Corporation has entered into the following interest rate swap agreement in order to minimize its risk to a variation in interest rates on a portion of its long-term borrowings in Canadian dollars:

Maturity	Fixed interest rate	Original capital amount	Balance June 30, 2017	Balance December 31, 2016
July 2021	1.18%	$ 6,200	$ 5,680	$ 5,915

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

13 . Operating segments

Information about the operating segments

For the purpose of financial reporting, the business is structured into three reporting segments based on the markets 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 and corporate stores through which new and recycled accessibility equipment is sold, and a lead generation program to distribute the names of potential customers to its affiliates in North America. The *Adapted Vehicles* segment consists of converting, adapting and distributing vehicles for people with mobility challenges, for personal or commercial use. The *Span* segment includes the manufacturing and distribution of the most comprehensive line of therapeutic support surfaces and other pressure management products for the medical market, medical beds for the long-term care market as well as foam mattress overlays and pillows for the consumer market and certain products for the industrial market, mainly foam products.

Periods of three months ended June 30,

	Accessibility	Adapted Vehicles	Span	Head office	Total
2017					
External revenues	**$ 28,715**	**$ 7,038**	**$ 3,381**	**$ -**	**$ 39,134**
Income (loss) before income tax	**5,288**	**472**	**42**	**(1,528)**	**4,274**
Depreciation and amortization expense	**377**	**99**	**66**	**113**	**655**
Interest expense	**21**	**-**	**-**	**96**	**117**
Interest income	**10**	**-**	**-**	**136**	**146**
2016					
External revenues	$ 24,657	$ 5,429	$ -	$ -	$ 30,086
Income (loss) before income tax	4,459	522	-	(1,164)	3,817
Depreciation and amortization expense	278	73	-	116	467
Interest expense	26	-	-	119	145
Interest income	15	2	-	44	61

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

13 . Operating segments (continued)

Information about the operating segments (continued)

Periods of six months ended June 30,

	Accessibility	Adapted Vehicles	Span	Head office	Total
2017					
External revenues	**$ 52,623**	**$ 14,256**	**$ 3,381**	**$ -**	**$ 70,260**
Income (loss) before income tax	**9,556**	**1,083**	**42**	**(1,923)**	**8,758**
Depreciation and amortization expense	**725**	**192**	**66**	**227**	**1,210**
Interest expense	**46**	**-**	**-**	**216**	**262**
Interest income	**17**	**1**	**-**	**245**	**263**
2016					
External revenues	$ 47,419	$ 8,883	$ -	$ -	$ 56,302
Income (loss) before income tax	7,966	611	-	(1,500)	7,077
Depreciation and amortization expense	593	140	-	227	960
Interest expense	55	-	-	242	297
Interest income	18	2	-	106	126

	Accessibility	Adapted Vehicles	Span	Head office	Total
June 30, 2017					
Segment's assets	**$ 49,265**	**$ 17,543**	**$ 112,643**	**$ 21,358**	**$ 200,809**
Segment's liabilities	**14,197**	**2,374**	**8,265**	**42,661**	**67,497**
December 31, 2016					
Segment's assets	$ 63,203	$ 18,021	$ -	$ 44,908	$ 126,132
Segment's liabilities	23,364	4,022	-	15,761	43,147

14 . Subsequent events

On July 5, 2017, the Corporation entered into an interest rate swap agreement on a portion of its long-term debt to the amount of $15,000,000 US at a rate of 2.02% plus a 1.5% stamping fee. The agreement expires in June 2022.

On July 7, 2017, the Corporation purchased a building in Toronto, Ontario, for $3,900,000, for which a deposit of $225,000 was paid in 2016 and another $3,675,000 was paid in the second quarter of 2017. This purchase has been financed through the Corporation's new revolving credit facility (note 6).