SAVARIA CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2008 AND 2007

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TABLE OF CONTENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements of "**SAVARIA 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 Canadian generally accepted accounting principles and necessarily include some amounts that are based on management's best estimates and judgements.

To discharge its responsibilities, the company has developed and maintains systems of internal accounting 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 company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors must ensure that management fulfils its financial reporting responsibilities and is ultimately responsible for reviewing and approving the 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 financial statements for issuance to the company's shareholders. The auditors appointed by the shareholders have full access to the Audit Committee, with or without management being present.

These consolidated financial statements have been audited by the auditors appointed by the shareholders, PricewaterhouseCoopers LLP/s.r.l/s.e.n.c.r.l, Chartered Accountants.

Marcel Bourassa
Chairman of the Board and Chief Executive Officer

Jean-Marie Bourassa, CA
Chief Financial Officer

PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.
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Auditors' Report

To the Shareholders of
Savaria Corporation

We have audited the consolidated balance sheets of **Savaria Corporation** as at December 31, 2008 and 2007 and the consolidated statements of earnings and comprehensive loss, retained earnings and cash flows for each of the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2008 and 2007 and the results of its operations and its cash flows for each of the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP[1]

Montréal, Quebec
March 24, 2009

[1] Chartered accountant auditor permit No. 19042

SAVARIA CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
SALES	**$ 54,713,076**	$ 57,519,690
OPERATING EXPENSES		
Cost of goods sold	**42,078,118**	43,979,192
Selling and administrative expenses	**11,338,979**	10,525,426
Amortization of fixed assets	**386,358**	522,710
Amortization of deferred development costs	**258,133**	200,154
Amortization of intangible assets	**151,724**	241,037
Restructuring expense (revenue) (note 5)	**(2,032,476)**	223,871
Write off of assets (note 6)	**-**	110,004
	52,180,836	55,802,394
OPERATING EARNINGS	**2,532,240**	1,717,296
OTHER REVENUES AND EXPENSES (note 7)	**626,146**	(1,495,201)
EARNINGS BEFORE INCOME TAXES	**3,158,386**	222,095
INCOME TAXES (note 19B)	**(1,609,109)**	(546,022)
NET EARNINGS (LOSS)	**$ 1,549,277**	$ (323,927)
Net earnings (loss) per common share		
Basic	**$ 0.057**	$ (0.011)
Diluted	**$ 0.057**	$ (0.011)
Average number of common shares outstanding (note 22C)		
Issued	**27,298,997**	28,283,564
Diluted	**27,298,997**	28,370,876

SAVARIA CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
NET EARNINGS (LOSS)	**$ 1,549,277**	$ (323,927)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAXES		
Unrealized gains (losses) on foreign exchange contracts designated as cash flow hedges, net of income taxes of $1,896,698 (2007-$146,246)	**(4,297,273)**	295,427
Unrealized (gains) losses on foreign exchange contracts designated as cash flow hedges in prior periods transferred to net income in the current period, net of income taxes of $98,096 (2007-$98,761)	**218,547**	(198,980)
OTHER COMPREHENSIVE INCOME (LOSS)	**(4,078,726)**	96,447
COMPREHENSIVE LOSS	**$ (2,529,449)**	$ (227,480)

SAVARIA CORPORATION
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
BALANCE - beginning of year	**$ 5,123,653**	$ 8,793,905
NET EARNINGS (LOSS)	**1,549,277**	(323,927)
	6,672,930	8,469,978
Excess over book value of repurchased shares	**(339,952)**	(988,921)
DIVIDENDS on common shares	**(1,736,791)**	(2,357,404)
BALANCE - end of year	**$ 4,596,187**	$ 5,123,653

SAVARIA CORPORATION
CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31, 2008 AND 2007

	2008	2007
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 5,202,780**	$ 4,714,615
Accounts receivable (note 8)	**9,511,908**	8,908,624
Inventories (note 9)	**10,380,605**	9,682,137
Prepaid expenses	**609,134**	685,919
Foreign exchange forward contracts (note 28A)	**-**	14,009
Income taxes receivable	**725,052**	376,368
Current portion of long-term loans (note 15)	**99,103**	102,927
Future income taxes (note 19A)	**1,924,751**	912,221
	28,453,333	25,396,820
LAND AND BUILDING HELD FOR SALE (note 10)	-	2,846,518
FIXED ASSETS (note 11)	**1,572,417**	1,796,159
DEFERRED DEVELOPMENT COSTS (note 12)	**484,706**	683,491
INTANGIBLE ASSETS (note 13)	**1,083,529**	1,222,629
GOODWILL	**506,230**	506,230
LONG-TERM INVESTMENTS (note 14)	**5,880,126**	2,719,929
LONG-TERM LOANS (note 15)	**152,532**	204,799
FUTURE INCOME TAXES (note 19A)	**2,550,599**	3,312,659
	$ 40,683,472	$ 38,689,234

	2008	2007
LIABILITIES		
CURRENT LIABILITIES		
Bank loans (note 16)	**$ 710,000**	$ 940,000
Short-term debt (note 14A)	**-**	3,000,000
Current liability related to assets held for sale (note 10)	**-**	3,750,000
Accounts payable (note 17)	**5,984,551**	6,561,932
Deferred revenues	**442,861**	243,218
Warranty provision (note 20)	**289,693**	267,976
Foreign exchange forward contracts (note 28A)	**3,714,953**	-
Current portion of long-term debt (note 18)	**1,233,454**	244,212
	12,375,512	15,007,338
WARRANTY PROVISION (note 20)	**550,505**	516,605
FOREIGN EXCHANGE FORWARD CONTRACTS (note 28A)	**2,376,366**	-
LONG-TERM DEBT (note 18)	**7,542,141**	430,962
NET LIABILITY OF A VIE (note 21)	**-**	111,241
	22,844,524	16,066,146
SHAREHOLDERS' EQUITY		
Capital stock (note 22B)	**15,565,977**	15,949,915
Contributed surplus (note 23)	**1,745,891**	1,539,901
Retained earnings	**4,596,187**	5,123,653
Accumulated other comprehensive income (loss) (note 24)	**(4,069,107)**	9,619
	17,838,948	22,623,088
	$ 40,683,472	$ 38,689,234

ON BEHALF OF THE BOARD OF DIRECTORS

______________________________, Director
Marcel Bourassa

______________________________, Director
Jean-Marie Bourassa C.A.

SAVARIA CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
OPERATING ACTIVITIES		
Net earnings (loss)	**$ 1,549,277**	$ (323,927)
Adjustments for :		
Amortization of fixed assets	**386,358**	522,710
Amortization of deferred development costs	**258,133**	200,154
Amortization of intangible assets	**151,724**	241,037
Write off of assets (note 6)	**-**	110,004
Write down of investments in ABCP (note 14)	**1,352,119**	253,971
Future income taxes	**1,548,132**	402,228
Difference between the fair value and the face value of long-term debt	**(395,635)**	-
Remuneration expense on stock options granted	**205,990**	242,079
Foreign exchange contracts cashed-in in advance	**228,000**	-
Change in warranty provision	**55,617**	(34,673)
(Gain) loss on disposal of fixed assets	**(1,985,511)**	9,322
Non-materialized (gain) loss on foreign currency exchange	**(465,599)**	405
	2,888,605	1,623,310
Net changes in non-cash working capital items (note 4B)	**(1,937,630)**	643,818
Cash flows from operating activities	**950,975**	2,267,128
INVESTING ACTIVITIES		
Changes in temporary investments	**-**	988,586
Settlement of the net liability of a VIE (note 21)	**(216,055)**	-
Changes in long-term investments	**(4,100,000)**	(2,984,400)
Proceeds from disposal of fixed assets	**4,875,957**	2,750
Additions to fixed assets	**(206,544)**	(216,110)
Deferred development costs	**(59,348)**	(371,844)
Additions to amortizable intangible assets	**(12,624)**	(115,547)
Proceeds from long-term loans	**113,868**	200,235
Cash flows from (used in) investing activities	**395,254**	(2,496,330)
FINANCING ACTIVITIES		
Changes in bank loans	**(230,000)**	290,000
Increase in short-term debt	**-**	3,000,000
Increase in long-term debt	**6,000,000**	-
Repayment of current liability related to assets held for sale	**(3,750,000)**	-
Repayment of long-term debt	**(518,006)**	(774,743)
Contribution from a VIE	**100,623**	111,241
Dividends paid on common shares	**(1,736,791)**	(2,357,404)
Shares repurchased for cancellation	**(723,890)**	(1,508,795)
Issuance of shares	**-**	225,000
Cash flows used in financing activities	**(858,064)**	(1,014,701)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**488,165**	(1,243,903)
CASH AND CASH EQUIVALENTS - beginning of year	**4,714,615**	5,958,518
CASH AND CASH EQUIVALENTS - end of year	**$ 5,202,780**	$ 4,714,615

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

1 . NATURE OF ACTIVITIES

The activities of the Corporation consist of manufacturing, installing and distributing elevators, platforms and stairlifts for people with mobility challenges as well as converting and adapting vehicles for persons with physical disabilities.

2 . SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and include the following significant accounting policies :

A) Principles of Consolidation

These consolidated financial statements comprise the accounts of the Corporation and its subsidiaries as listed below. As at December 31, 2007, they also include the accounts of a variable interest entity ("VIE").

Subsidiaries	December 31, 2008 %	December 31, 2007 %
Savaria Concord Lifts Inc.	100	100
Weber Accessibility Systems, Inc. - inactive	100	100
Richardson Elevators (1191852 Ontario Limited) - inactive	100	100
Van-Action (2005) Inc.	100	100
Concord Elevator Holdings Inc. - inactive	100	100
Savaria (Huizhou) Mechanical Equipment Manufacturing Co., LTD	100	VIE

Intercompany balances and transactions have been eliminated.

B) Use of Estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The main estimates include the measurement of the fair value of the financial instruments, including derivatives and investments in asset-backet commercial paper ("ABCP"), the remuneration expense on stock options granted, the amortization of fixed assets and intangible assets, including goodwill, future income tax balances, the allowance for doubtfull accounts and the warranty provisions. Actual results could differ from those estimates.

C) Foreign Currencies

The U.S. and Chinese subsidiaries are defined as integrated foreign operations. The Corporation follows the temporal method to translate its foreign currency balances and those of its U.S. and Chinese subsidiaries. Under this method, monetary assets and liabilities are translated at the rates of exchange in effect at balance sheet date and non-monetary assets and liabilities are measured at historical rates. Revenues and expenses are translated at the exchange rate in effect at the date of the transaction. Exchange gains and losses are included in net earnings for the year.

D) Revenue Recognition

Sales are recognized when persuasive evidence of an agreement exists, products have been shipped, price is determined and ultimate collection is reasonably assured. A provision for product warranty is set up when sales are recognized. Given that products are custom made, goods, generally, may not be returned.

E) Impairment of Long-Lived Assets

The Corporation reviews, when circumstances indicate it to be necessary, the carrying values of its long-lived assets by comparing the carrying amount of the asset or group of assets to the expected future undiscounted cash flows to be generated by the asset or group of assets. An impairment loss is recognized when the carrying amount of an asset or group of assets held for use exceeds the sum of the undiscounted cash flows expected from its use or eventual disposal. The impairment loss is measured as the amount by which the asset carrying amount exceeds its fair value, based on quoted market prices, when available, or on the estimated current value of future cash flows.

F) Income Taxes

The Corporation follows the liability method of accounting for income taxes, as recommended by the Canadian Institute of Chartered Accountants ("CICA"). Under this method, income taxes payable are accounted for as estimated income taxes to be paid for the current fiscal year, and future income taxes are accounted for based on the temporary differences between the tax and accounting values of the assets and liabilities. Future income tax assets and liabilities are measured using income tax rates and the enacted or substantively enacted laws which are expected to be in effect for taxable income for the years in which the assets and liabilities will be discharged or recovered. Future income tax assets which arise from deferred losses and temporary differences are accounted for when it is more likely than not that the asset will be realized.

2 . SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

G) Cash and Cash Equivalents

Cash and cash equivalents consist of bank balances and temporary investments with an initial maturity of three months or less and are presented at cost, which is considered to approximate fair market value.

H) Trade Receivable

The Corporation establishes an allowance for doubtful accounts receivable based on the specific credit risk of its customers and historical trends.

I) Inventories

Raw materials and sub-assembly components are valued at the lower of cost and net realizable value, with cost being determined using the first-in, first-out method.

Work in process and finished goods are valued at the lower of cost and net realizable value. Their cost includes raw materials as well as an allocation of direct labour and manufacturing overheads.

The reversal of previous write-downs when there is a subsequent increase in the net realizable value of inventories is permitted.

J) Fixed Assets and Amortization

Fixed assets are accounted for at cost. Amortization is based on their estimated useful life using the following methods and annual rates or period:

	Method	Rate or period
Machinery and equipment	Declining balance	20%
Office furniture	Declining balance	20%
Rolling stock	Declining balance	30%
Computer hardware	Declining balance	30%
Leasehold improvements	Straight-line	Terms of the leases

K) Deferred Development Costs

Development costs are accounted for at cost and are deferred to future periods if all of the following criteria are satisfied: the product or procedure is clearly defined, the technical feasibility of the product or procedure has been clearly established, management has indicated its intention to manufacture the product or use the procedure, the market for the product is clearly defined, and the Corporation has adequate resources to complete the project. Development costs are amortized using the straight-line method over a period of three years.

Research and development tax credits are booked against deferred development costs when they are related to deferred costs. Other research and development tax credits are booked against selling and administrative expenses.

L) Intangible Assets

Intangible assets consist of trademarks, client lists and computer software. Trademarks are not amortized since they have an indefinite life span, instead the Corporation assesses periodically whether a provision for impairment in the value of trademarks should be recorded against earnings. This is accomplished by determining whether projected discounted future cash flows exceed the net book value of the intangible asset. Trademarks are tested for impairment annually on December 31, and when an event or circumstance occurs that could potentially result in a permanent decline in value. Client lists are amortized by using the straight-line method over their projected useful lives of ten years. Computer software is amortized by using the declining balance method with an annual rate of 30%.

M) Goodwill

Goodwill is not amortized, instead the Corporation assesses periodically whether a provision for impairment in the value of goodwill should be recorded against earnings. This is accomplished by determining whether projected discounted future cash flows exceed the net book value of the business unit. Goodwill 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.

The Corporation has performed impairment tests on the carrying amount of goodwill as at December 31, 2008 and has concluded that no impairment loss should be recognized.

2 . SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N) Earnings Per Share

Basic net earnings per share is based on the weighted average of common shares issued and outstanding, and is calculated by dividing net earnings 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 earnings 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 translated using the treasury stock method.

O) Stock-Based Compensation

The Corporation records stock-based compensation to its employees and directors at fair value. According to the fair value method, an employee compensation expense is charged to operating expenses based on the fair value of the stock options issued over their vesting period. Upon the exercise of stock options, capital stock is credited in the amount paid plus the corresponding employee compensation expense previously recorded.

P) Financial Instruments

The Corporation uses financial instruments to manage risks relating to foreign currency fluctuations.

Derivative instruments are contracts that require or provide an option to exchange cash flows or payments determined by applying certain rates, indices or changes therein to notional contract amounts. Derivative instruments are used by the Corporation in the management of its foreign currency and not for speculative purposes.

In order for a derivative to qualify for hedge accounting, the hedge relationship must be designated and formally documented at its inception. The documentation must include an outline of the particular risk management objective and strategy, the specific asset, liability or cash flow being hedged, as well as how effectiveness is assessed. The derivative must be effective in accomplishing the objective of offsetting either changes in the fair value or cash flow attributable to the risk being hedged both at inception and over the term of the hedging relationship.

The Corporation hedges its foreign exchange exposure on anticipated sales denominated in U.S. dollars through the use of forward contracts. Resulting gains and losses are recognized when the designated sale is recognized and are included in “Sales.”

3 . CHANGES IN ACCOUNTING POLICIES

A) 2007

On January 1, 2007, the Corporation adopted the following recommendations of the "CICA" Handbook :

Section 1506:Accounting Changes

This Section establishes criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies and estimates, and correction of errors.

Section 1530:Comprehensive Income

This Section describes how to report and disclose comprehensive income and its components. Comprehensive income is the change in a Corporation’s net assets that results from transactions, events or circumstances from sources other than the Corporation’s shareholders. It includes items that would not normally be included in net earnings, such as :

- changes in the currency translation adjustment relating to self-sustaining foreign operations;
- unrealized gains or losses on available-for-sale investments.

The CICA also made changes to Handbook Section 3250, *Surplus* , and reissued it as Section 3251, *Equity* . The changes in how to report and disclose equity and changes in equity are consistent with the new requirements of Section 1530, *Comprehensive Income* .

Adopting these Sections has required the Corporation to start reporting the following items in the consolidated financial statements :

- comprehensive income and its components;
- accumulated other comprehensive income and its components.

Section 3855:Financial Instruments – Recognition and Measurement

This Section describes the standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives.

This Section requires that:

i) all financial assets be measured at fair value, with some exceptions such as loans and investments that are classified as held to maturity;

ii) all financial liabilities be measured at fair value if they are derivatives or classified as held for trading purposes. Other financial liabilities are measured at their carrying value;

iii) all derivative financial instruments be measured at fair value, even when they are part of a hedging relationship.

3 . CHANGES IN ACCOUNTING POLICIES (Cont'd)

The adoption of this Section resulted in the following classifications:

- Cash and cash equivalents are classified as assets held for trading and are measured at fair value. Gains and losses resulting from periodic revaluations are recorded in earnings.
- Trade receivables and other accounts receivable and long-term loans are classified as loans and receivables and are initially measured at fair value. Subsequent valuations are measured at amortized cost using the effective interest method.
- Long-term investments are classified as investments held until maturity and are initially measured at fair value. Subsequent valuations are measured at amortized cost using the effective interest method.
- Bank loans, short-term debt, accounts payable and long-term debt are classified as other liabilities and are initially measured at fair value. Subsequent valuations are measured at amortized cost using the effective interest method.

Section 3865:Hedges

This Section requires that :

In a fair value hedge, hedging derivatives must be carried at fair value, with changes in fair value recognized in the consolidated statement of earnings. The changes in the fair value of the hedged items attributable to the hedged risk must also be recorded in consolidated earnings by way of a corresponding adjustment of the carrying amount of the hedged items recognized in the consolidated balance sheet. In a cash flow hedge, the changes in fair value of derivative financial instruments must be recorded in other comprehensive income. These amounts are reclassified in the consolidated statement of earnings in the periods in which results are affected by the cash flows of the hedged item. Similarly, any hedge ineffectiveness must be recorded in the consolidated statement of earnings in cash and cash equivalents and income from financial market operations.

As a result of the application of these new standards, an unrealized loss on foreign exchange contracts was recorded in "Other comprehensive income" at the date of the adoption of this Section.

B) 2008

On January 1, 2008, the Corporation adopted the following recommendations of the CICA Handbook:

Section 1400:General standards on Financial Statement Presentation

This section has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern.

The adoption of the new standards of Section 1400 has had no impact on the consolidated financial statements.

Section 1535:Capital Disclosures

This new standard establishes disclosure requirements concerning capital such as: qualitative information about objectives, policies and processes for managing capital; quantitative data about what an entity regards as capital; whether it has complied with any externally imposed capital requirements and, if not, the consequences of such non-compliance.

The adoption of Section 1535 has had no impact on the Corporation's financial situation or results but it changed the information disclosed on capital (note 22).

Section 3031:Inventories

This Section prescribes the accounting treatment for inventories by providing guidance on the determination of costs and its subsequent recognition as an expense, incuding any write-down to net realizable value. The standard also permits the reversal of previous write-downs when there is a subsequent increase in the value of inventories. Finally, the standard provides guidance on the cost formulas that are used to assign costs to inventories and that require the constant use of inventory policies by type of inventory with similar nature and use.

The adoption of the new standards of Section 3031 has had no material impact on the consolidated financial statements.

Section 3862:Financial Instruments - Disclosures and *Section 3863:Financial Instruments - Presentation*

These new standards replace Section 3861, *Financial Instruments - Disclosure and Presentation* , revising and enhancing its disclosure requirements. The adoption of these new standards has had the impact of changing the Corporation's analysis of its risks and has increased its reporting obligations in the consolidated financial statements (note 28).

3 . CHANGES IN ACCOUNTING POLICIES (Cont'd)

C) Future Accounting Changes

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

The CICA issued three new accounting standards in 2009 : Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-Controlling Interests*. These new standards will be effective for the Corporation 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 accounting for 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 Financiual Statements*. Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting 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.

Section 3064:Goodwill and Intangible Assets.

In January 2008, the CICA issued the following accounting standard : Section 3064, *Goodwill and Intangible Assets*. This new standard reinforces the approach under which assets are recorded only if they meet the definition of an asset and the recognition criteria for an asset. It also clarifies the application of the concept of matching costs with revenues, so as to eliminate the current practice of recognizing as assets items that do not meet the definition of an asset and the recognition criteria for an asset. On January 1, 2009, the Corporation will apply this standard retrospectively with restatement of prior periods. The Corporation is currently assessing the impact of the initial application of this standard on its consolidated financial statements.

International Financial Reporting Standards ("IFRS")

In February 2008, Canada's Accounting Standards Board ("AcSB") 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. The Corporation is currently preparing its IFRS conversion plan. The plan will be aimed in particular at identifying the differences between IFRS and the Corporation's accounting policies, assessing their impact and, where necessary, analysing the various policies that the Corporation could elect to adopt.

4 . CASH FLOWS

A. Interest expenses and Income Taxes

Cash flows related to interest expenses and income taxes are as follows :

	2008	2007
Interest paid	$ 336,867	$ 449,245
Income taxes paid	$ 33,336	$ 31,825

B. Net Changes in Non-cash Working Capital Items

	2008	2007
Accounts receivable	$ (589,525)	$ 1,102,271
Inventories	(698,468)	(7,804)
Prepaid expenses	76,785	(26,473)
Income taxes receivable	(348,684)	(55,400)
Accounts payable	(577,381)	(245,722)
Deferred revenues	199,643	(123,054)
	$ (1,937,630)	$ 643,818

C. Non-cash Transactions

In 2007 and 2008, there were non-cash transactions related to share cancellations (note 22B). As well, in 2007, there were non-cash transactions related to the conversion of balances receivable into long-term loans (note 15) and the issuance of a loan to an employee (note 22B).

5 . RESTRUCTURING EXPENSES (REVENUES)

The following table summarizes the components of restructuring expenses (revenues):

	2008	2007
Gain on the disposal of the building located in Laval	$ (2,032,476)	$ -
Severance charges	-	171,403
Others	-	52,468
	$ (2,032,476)	$ 223,871
Balance of amounts due at the beginning of the year	$ -	$ 56,478
Amounts paid during the year	-	56,478
Balance of amounts due at the end of the year	$ -	$ -

On December 21, 2007, the Corporation proceeded with the closure of its manufacturing facility located in Laval, Quebec. During the year ended December 31, 2007, the Corporation recorded charges relating to this restructuring in the amount of $223,871, including severance charges of $171,403. Of this amount, $56,478 remained unpaid as at December 31, 2007. The land and building located at this facility as well as the loan related to these assets were reclassified as assets and liability held for sale as at December 31, 2007.

During 2008, the Corporation proceeded to sell the building and repay the loan (note 10).

The restructuring expenses (revenues) are related to the Accessibility business sector.

6 . WRITE OFF OF ASSETS

A) Intangible assets

In 2007, a business licence amounting to $10,004 was written off.

B) Fixed assets

In 2007, following the closure of its plant in Laval, the Corporation booked an impairment charge for fixed assets that were no longer used in its operations in an amount of $100,000.

Those elements were non-monetary items and had no impact on the consolidated cash flow.

7 . OTHER REVENUES AND EXPENSES

	2008	2007
Interest and dividend income	$ 170,489	$ 284,169
Gain (loss) on foreign currency exchange	1,791,581	(926,841)
Interest on long-term debt	(134,886)	(287,793)
Interest expense and bank charges	(201,981)	(161,452)
Write down of investments in ABCP (note 14)	(1,352,119)	(253,971)
Loss of a VIE	-	(164,141)
Loss on disposal of fixed assets	(46,965)	(9,322)
Difference between the fair value and the face value of long-term debt	395,635	-
Other revenues	4,392	24,150
	$ 626,146	$ (1,495,201)

8 . ACCOUNTS RECEIVABLE

	2008	2007
Trade in Canadian dollars	$ 3,903,056	$ 3,812,643
Trade in U.S. dollars	6,235,515	5,532,605
	10,138,571	9,345,248
Allowance for doubtful accounts	(1,221,371)	(782,549)
	8,917,200	8,562,699
Sales taxes recoverable	185,087	302,792
Others	409,621	43,133
	$ 9,511,908	$ 8,908,624

9 . INVENTORIES

	2008	2007
Raw materials and sub-assembly components	$ 8,274,197	$ 8,651,892
Work in process	413,640	335,451
Finished goods	1,692,768	694,794
	$ 10,380,605	$ 9,682,137

The Corporation did not record any write-downs of its inventory during the year.

10 . ASSETS HELD FOR SALE AND CURRENT LIABILITY RELATED TO ASSETS HELD FOR SALE

Assets held for sale and a current liability related to those assets presented in the balance sheet are represented by:

	2008	2007
Asset		
Land and building	$ -	$ 2,846,518
Liability		
Debt matured in May 2008	$ -	$ 3,750,000

On April 8, 2008, the Corporation proceeded with the sale of its building located in Laval for an amount of $4,878,994, net of commissions, and with the repayment of the debt associated with the building on March 27, 2008 in the amount of $3,750,000.

11 . FIXED ASSETS

	2008		
	Cost	Accumulated amortization	Net
Machinery and equipment	$ 6,779,801	$ 5,915,117	$ 864,684
Office furniture	734,942	664,370	70,572
Rolling stock	267,612	156,986	110,626
Computer hardware	907,861	748,941	158,920
Leasehold improvements	1,419,642	1,052,027	367,615
	$ 10,109,858	$ 8,537,441	$ 1,572,417

As at December 31, 2008, computer hardware included assets under capital leases with a cost of $18,639 and accumulated amortization of $13,931.

	2007		
	Cost	Accumulated amortization	Net
Machinery and equipment	$ 7,212,728	$ 6,204,019	$ 1,008,709
Office furniture	768,941	679,852	89,089
Rolling stock	273,705	111,672	162,033
Computer hardware	876,029	690,435	185,594
Leasehold improvements	1,308,825	958,091	350,734
	$ 10,440,228	$ 8,644,069	$ 1,796,159

As at December 31, 2007, computer hardware included assets under capital leases with a cost of $63,070 and accumulated amortization of $35,204.

12 . DEFERRED DEVELOPMENT COSTS

	2008		
	Cost	Accumulated amortization	Net
Deferred development costs (note 29)	$ 950,920	$ 466,214	$ 484,706

12 . DEFERRED DEVELOPMENT COSTS (Cont'd)

	2007		
	Cost	Accumulated amortization	Net
Deferred development costs (note 29)	$ 1,055,483	$ 371,992	$ 683,491

13 . INTANGIBLE ASSETS

	2008			2007
	Cost	**Accumulated amortization**	**Net**	Net
Trademarks	**$ 299,932**	**$ -**	**$ 299,932**	$ 299,932
Client lists	**946,568**	**307,635**	**638,933**	733,590
Software	**778,442**	**633,778**	**144,664**	189,107
Amortized intangible assets	**1,725,010**	**941,413**	**783,597**	922,697
	$ 2,024,942	**$ 941,413**	**$ 1,083,529**	$ 1,222,629

14 . LONG-TERM INVESTMENTS

	2008	2007
Third party asset-backed commercial paper (fair value $1,780,126; 2007-$2,719,929)	**$ 1,780,126**	$ 2,719,929
Guaranteed investment certificate (fair value $4,100,000)	**4,100,000**	-
	$ 5,880,126	$ 2,719,929

A) Third party asset-backed commercial paper

The Corporation holds investments in the amount of $3,636,795 (US $2,985,874) that are invested in ABCP issued by SLATE Trust and ROCKET Trust. This ABCP had a "R1-(high)" rating according to Dominion Bond Rating Service ("DBRS") and met the Corporation's investment criteria at its acquisition date. The ABCP held by the Corporation matured on various dates between August 30 and September 5, 2007. In mid-August 2007, a number of non-bank sponsors of ABCP, including those with which the Corporation had invested, announced that they could not place ABCP due to unfavourable conditions in the Canadian capital markets. As a result, there is presently no active market for the ABCP held by the Corporation.

On December 24, 2008, the Pan Canadian Investor Committee announced that the final terms of the restructuring plan had been agreed to, this confirmed to the Corporation that its ABCP would be replaced by long-term floating rate notes ("New Notes"). Therefore, as at December 31, 2008, the non-bank ABCP remained the subject of a restructuring process that was completed on January 21, 2009. The restructuring plan pooled all of the underlying assets from all the ABCP trusts with the exception of those assets designated as ineligible for pooling (“Ineligible Assets”) and those series of assets backed exclusively by traditional financial assets (“Traditional Assets”). The pooled notes are principally backed by structured credit products (“Synthetic Assets”).

Consequently, the Corporation's ABCP that had its assets pooled was replaced on January 21, 2009 with two classes of asset backed notes named A1 and C in declining order of seniority issued by Master Asset Vehicle 2 ("MAV 2"). ABCP relating to Ineligible Assets and Traditional Assets was replaced with new tracking notes whose characteristics are designed to track the performance of the particular assets of the series to which they correspond.

Summary of Valuation

The fair value estimate of the New Notes to be received under the restructuring has been calculated based on information provided by the Pan Canadian Investor Committee as well as Ernst & Young Inc., the Monitor of the restructuring. The table below summarizes the Corporation’s valuation.

14 . LONG-TERM INVESTMENTS (Cont'd)

Restructuring categories	thousands US $		Expected maturity date
	Face value	Estimated fair value *	
MAV 2 Notes			
A1 (rated A)	**838.2**	**559.3**	**July 15, 2056**
C	**25.9**	**3.1**	**July 15, 2056**
Traditional asset tracking notes			
MAV 3 - Class 14	**650.0**	**507.6**	**January 1, 2021**
Ineligible asset tracking notes			
MAV 2 - Class 13	**131.5**	**26.2**	**March 20, 2014**
MAV 3 - Class 25	**1,340.3**	**365.3**	**December 25, 2036**
Total investments	**2,985.9**	**1,461.5**	

* the range of fair values estimated by the Corporation varied between US $1.64 million and US $1.29 million

Evaluation

The Corporation has estimated the fair value of ABCP at December 31, 2008 using the following methodology and assumptions. Using available information, the Corporation determined or estimated the principal characteristics of the New Notes, including the interest rate, maturity date, and credit rating. Then, it estimated the yield that a potential investor would require in order to purchase each class of New Notes. The Corporation then used this information to calculate a net present value for each class of New Notes.

In the case of the A1, it is estimated that they will pay interest at a rate 0.5% less than the bankers' acceptance ("BA") rate and it is estimated that prospective buyers of these notes will require premium yields between 5% and 7% over the BA rate.

The Class C notes pay interest at a rate of 20 % above the BA rate. On the other hand, it isn't expected that any interest will be paid out since these notes are subordinated to the Class B notes that are, in turn, subordinated to the Class A1 and A2 notes. In light of this subordination, the Class C notes are viewed as highly speculative with regard to ultimate payment of principal at maturity in 2056. Accordingly, it is expected that Class C notes have a fair value of approximately 12% of par value.

The notes backed by traditional assets are estimated to generate interest income of 0.5% above the BA rate and a prospective buyer of those notes is estimated to require a premium of 3% over the BA rate.

The notes backed by ineligible assets are estimated to generate interest of approximately 0.5% above the BA rate and a prospective investor will require yields of between 10% and 100% in excess of the BA rate. These higher yield requirements reflect the observation that some of the underlying assets are significantly distressed in today's market.

Based upon a sensitivity analysis of the assumptions used, the expected yield required by a potential investor remains the most significant assumption included in the fair value estimate. Based on this exercise, the Corporation estimated that the range of potential values was between US $1.64 million and US $1.29 million. As at December 31, 2008, the fair value of the Corporation's investments in ABCP amounted to $1,780,126 (US $ 1,461,516) and these assets are presented on a long-term basis.

On October 15, 2007, the Corporation entered into a temporary financing agreement with its bank in order to ensure the sufficient availability of liquidity to meet its financial obligations while awaiting the settlement of the ABCP investments. The ABCP was secured for this credit facility in the amount of $3,000,000 that was drawn in total as at December 31, 2008. The credit facility bears interest at prime rate less 1.5% and must be repaid in full at the earliest of March 31, 2009 or once the ABCP are sold. Following the replacement of the ABCP by New Notes, the Corporation's financial institution converted the temporary financing agreement into long-term debt. For this reason, the debt is presented on a long-term basis as at December 31, 2008 (note 18 and 31).

B) Guaranteed investment certificate

The Corporation holds a guaranteed investment certificate in the amount of $4,433,945 that bears interest at a rate of 2.35% and matures on February 12, 2009. Of this amount, $4,100,000 is presented on a long-term basis since its encashment is subject to approval of an acquisition project by the Corporation's financial institution. The balance of $333,945 is presented among cash and cash equivalents.

15 . LONG-TERM LOANS

	2008	2007
The participating long-term loan is part of an exclusive distribution agreement for the Corporation's products with a company in the United Arab Emirates. The loan was repaid in full as at December 31, 2008.	$ -	$ 24,783
The long-term loan is part of an exclusive distribution agreement for the Corporation's products with a U.S. company. The original amount of the loan is $243,600 (US $200,000). The balance of the loan as at December 31, 2008 is $170,520 (US $140,000). The loan is without interest and is payable in ten annual instalments beginning in June 2006.	170,520	158,608
Amount receivable with interest at a rate of 4.23% on conversion of accounts receivable from a U.S. company. The original amount of the loan resulting from the conversion in September 2007 is $176,610 (US $145,000). The balance of the loan as at December 31, 2008 is $81,115 (US $66,597). Repayable in 29 equal monthly instalments of US $5,250, capital and interest, starting in September 2007.	81,115	124,335
	251,635	307,726
Less: Current portion	99,103	102,927
	$ 152,532	$ 204,799

Principal repayments on long-term loans during the next years are as follows:

2009	2010	2011	2012	2013	2014 and thereafter
$ 99,103	$ 30,732	$ 24,360	$ 24,360	$ 24,360	$ 48,720

16 . BANK LOANS

The Corporation signed an agreement with a financial institution for a $1,500,000 line of credit for its subsidiary Van-Action (2005) Inc., bearing interest at prime rate plus 1%. A movable hypothec from Van-Action in the amount of $3,000,000 on certain assets of the subsidiary, a guarantee pursuant to Section 427 of the Bank Act on inventories, as well as a surety bond from the parent company in the amount of $250,000 have been pledged as securities. The balance of the line of credit amounted to $710,000 as at December 31, 2008 (2007-$250,000).

The Corporation also signed an agreement with a financial institution for a $2,000,000 (2007-$7,000,000) line of credit, bearing interest at prime rate, for its subsidiary Savaria Concord Lifts Inc. A $9,075,000 first ranking movable hypothec and a general guarantee agreement registered in the province of Ontario on all the subsidiary's present and future inventories and receivables, and a guarantee on inventories pursuant to Section 427 of the Bank Act have been pledged as securities. As at December 31, 2008, the line of credit was unused (2007-$690,000).

17 . ACCOUNTS PAYABLE

	2008	2007
Trade and accrued liabilities in Canadian dollars	$ 4,549,888	$ 4,898,612
Trade and accrued liabilities in U.S. dollars and other currencies	899,863	781,873
Salaries and withholding taxes	215,333	576,647
Vacations payable	319,467	304,800
	$ 5,984,551	$ 6,561,932

18 . LONG-TERM DEBT

	2008	2007
Loan with an original face value of $6,000,000 and a fair value of $5,604,365 bearing interest at prime rate minus 1%. A mortgage on the Corporation's overall assets and those of its subsidiairies Savaria Concord Lifts Inc. and Van-Action (2005) Inc. in the amount of $6,600,000 as well as a guaranty on a long-term investment in the amount of $4,100,000 are pledged as securities. Repayable in monthly instalments of $90,909 plus interest, maturing in May 2014.	$ 5,604,365	$ -

18 . LONG-TERM DEBT (Cont'd)

	2008	2007
Loan in original amount of $3,000,000 bearing interest at prime rate minus 1.5%. ABCP investments valued at $1,780,126 are pledged as security. Repayable at the earliest of March 31, 2009 or once the ABCP notes are sold on the open market. This temporary financing was converted into long-term debt of US $3,000,000 on March 16, 2009 following the replacement of ABCP by New Notes (note 31).	**$ 3,000,000**	$ -
Loan in the original amount of $569,998 (US $575,000). The debt was repaid early in January 2008.	**-**	373,709
Loan in the original amount of $500,000. This loan is divided into two portions of $250,000 both bearing interest at prime rate plus 2.25%. It is repayable in monthly instalments of $10,417 plus interest, maturing in April 2010. A movable hypothec from Van-Action in the amount of $3,000,000 on certain assets of the subsidiary, a guarantee pursuant to Section 427 of the Bank Act on inventories, as well as a surety bond from the parent company in the amount of $250,000 have been pledged as security.	**166,666**	291,666
Obligations under capital leases with original amounts totalling $18,639, at an interest rate of 10.8%; computer hardware with a net book value totalling $4,708 pledged as security; repayable in monthly instalments of $403 including principal and interest, maturing in December 2009.	**4,564**	9,799
	8,775,595	675,174
Less: Current portion	**1,233,454**	244,212
	$ 7,542,141	$ 430,962

Principal repayments on long-term debt, except on obligations under capital leases, during the next years are as follows:

2009	2010	2011	2012	2013
$ 1,228,890	$ 1,060,641	$ 2,497,729	$ 2,540,221	$ 1,018,975

Principal repayments on obligations under capital leases during the next year is as follows:

Year ended December 31, 2009	$ 4,833
Less: Interest at a weighted average rate of 10.8%	269
	4,564
Less: Current portion	4,564
	$ -

19 . INCOME TAXES AND FUTURE INCOME TAXES

A) Future Income Taxes

The tax effects of temporary differences that give rise to a significant portion of the future income tax assets and liabilities are as follows:

	2008	2007
CURRENT FUTURE INCOME TAX ASSETS		
Foreign exchange forward contracts	**$ 1,127,347**	$ (4,390)
Losses carried foward	**651,862**	794,113
Warranty provisions	**89,701**	83,813
Stock exchange listing costs	**26,907**	26,907
Non-deductible provisions	**34,698**	15,670
Investment tax credits	**(8,279)**	(6,407)
Others	**2,515**	2,515
	$ 1,924,751	$ 912,221

19 . INCOME TAXES AND FUTURE INCOME TAXES (Cont'd)

	2008	2007
LONG-TERM FUTURE INCOME TAX ASSETS		
Losses carried foward	**$ 1,757,912**	$ 3,525,360
Foreign exchange forward contracts	**666,865**	-
Inventory provision	**527,572**	220,971
Allowance for doubtful accounts	**107,920**	-
Warranty provisions	**148,457**	139,380
Fixed assets	**120,410**	(54,480)
Deferred development costs	**296,586**	149,477
Investment tax credits	**(167,783)**	(121,081)
Intangible assets	**(62,972)**	(135,327)
Difference between the fair value and the face value of long-term debt	**(106,742)**	-
Stock exchange listing costs	**-**	26,907
Unrealized gain on foreign exchange contracts	**-**	(15,212)
Others	**134**	2,515
Provision for devaluation of losses carried forward	**(737,760)**	(425,851)
	$ 2,550,599	$ 3,312,659

B) Income Taxes

The Corporation’s provisions for income taxes consist of the following:

	2008	2007
Earnings before income taxes	**$ 3,158,386**	$ 222,095
Provision for income taxes computed using statutory federal-provincial tax rate of 31% (2007-33%)	**$ 978,468**	$ 73,291
Advantage of unrecognized capital losses on investment devaluation	**238,252**	-
Transfer of deferred losses to years having lower tax rates	**168,949**	-
Permanent differences	**14,270**	88,077
Non-deductible remuneration expense on options granted	**90,170**	80,297
Difference in income tax rate on tax reserves	**43,492**	-
Advantage of unrecognized net operating losses of subsidiaries	**40,223**	-
Decrease in future income taxes resulting from reduction under the 2007 federal budget and economic statement	**-**	252,711
Advantage of unrecognized net operating losses of a VIE	**-**	54,560
Others	**35,285**	(2,914)
	$ 1,609,109	$ 546,022
CURRENT AND FUTURE INCOME TAXES		
Income taxes are detailed as follows:		
Current	**$ 60,977**	$ 143,794
Future	**1,548,132**	402,228
	$ 1,609,109	$ 546,022

C) Losses Carried Forward

As at December 31, 2008, the Corporation had Canadian, Quebec and Ontario net operating losses carried forward of $6,238,000 (2007-$11,939,000), $5,921,000 (2007-$12,002,000) and $5,033,000 (2007-$10,739,000) respectively. These losses carried forward expire at various dates between 2010 and 2028.

At this same date, the Corporation had Canadian and Quebec capital losses carried forward for which no deferred income taxes have been recognized since the losses haven't materialized on a tax basis, in the amount of $896,000 and $710,000 respectively. These losses can be deferred indefinitely.

As at December 31, 2008, the Corporation had United States federal and state net operating losses carried forward of $1,164,000 (US $956,000) and $1,186,000 (US $974,000) respectively. As at December 31, 2007, these amounts were $843,000 (US $850,000) and $873,000 (US $881,000) respectively. Future income taxes have not been recorded on these losses. They expire at various dates between 2014 and 2028.

20 . WARRANTY PROVISIONS

During the normal course of its business, the Corporation assumes the cost of certain components in replacement of deffective components under warranties offered on its products. The warranties cover a period of thirty-six (36) months. During fiscal 2008, the Corporation increased the provision by $55,617 (2007-decrease of $34,673). This expense is based on past experience and is recorded as current and long-term liabilities under the heading Warranty provisions. Nevertheless, conditions may change and a significant amount may need to be recorded.

21 . VARIABLE INTEREST ENTITY

The Corporation included a VIE in the scope of its consolidation until August 21, 2008. The entity in question was held by a related party who is also an employee of the Corporation and close relative to the President. On August 22, 2008 the capital stock of this entity was transfered to the Corporation at a cost of $216,055 representing the settlement of the net liability recorded by the Corporation at this date and the entity has been consolidated as a subsidiary since August 22, 2008. The entity is located in China and assembles parts and finished goods for the benefit of the Coporation's subsidiaries.

The effect on the balance sheet items was as follows as at December 31, 2007:

	2007
Assets	
Cash and cash equivalents	$ 10,236
Inventories	74,710
Prepaid expenses	111,440
Fixed assets	93,231
Intangible assets	2,146
	$ 291,763
Liabilities	
Accounts payable	$ 131,541
Deferred income	213,122
	344,663
Shareholder's equity	
Contribution from a VIE	111,241
Deficit	(164,141)
	(52,900)
	$ 291,763

22 . CAPITAL STOCK

A) Capital risk management:

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

	2008	2007
Cash and cash equivalents	**$ (5,202,780)**	$ (4,714,615)
Bank loans	**710,000**	940,000
Short-term debt	**-**	3,000,000
Current liability related to assets held for sale	**-**	3,750,000
Long-term debt, including current portion	**8,775,595**	675,174
Long-term investments	**(5,880,126)**	(2,719,929)
	(1,597,311)	930,630
Shareholders' equity	**17,838,948**	22,623,088
Total capital structure	**$ 16,241,637**	$ 23,553,718

During the year ended December 31, 2008, the Corporation repaid a current liability related to assets held for sale while it signed a new long-term debt agreement in the amount of $6,000,000 of which $4,100,000 is placed in a long-term investment (note 14B).

A short-term debt in the amount of $3,000,000 was reclassified as long-term debt as at December 31, 2008 (note 14A).

22 . CAPITAL STOCK (Cont'd)

The Corporation's objectives when managing capital are:
- to safeguard the Corporation's ability to continue as a going concern in order to provide returns to shareholders;
- to maintain the Corporation's ability to finance significant projects and strategic acquisitions;
- to redeem shares based on the Corporation's share repurchase and cancellation program.

The Corporation sets the amount of capital in proportion to risk. The Corporation manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may adjust the amount of dividends paid to shareholders, issue new shares, sell assets to improve its financial performance and flexibility or change its share repurchase and cancellation program.

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

Furthermore, the Corporation must comply with certain conditions under its various banking arrangements. These requirements include, on a consolidated basis, maintaining on a quarterly basis a minimum working capital of 1.50 : 1 and maximum debt ratio of 1.50 : 1 and, on an annual basis but checked on a quarterly basis, a ratio of interest bearing debt net of cash over earnings before interest, taxes and amortization ("EBITDA") maximum of 3.90 : 1 and a minimum ratio of fixed-charges coverage of 1.10 : 1. The fixed-charges coverage ratio is defined as being EBITDA plus cash at the beginning of the year net of non-financed fixed asset additions and share repurchases for cancelation over the total of capital payments due and/or payable on long-term debt plus interest and dividends. The Corporation must also maintain at all times a minimum loan value of $4,500,000. The loan value is defined as being the total value of 75% of Canadian trade receivables, 65% of US trade receivables and 50% of inventory net of trade liabilities under 30 days, up to a maximum amount of $2,500,000.

For its Savaria Concord Lifts Inc. subsidiary, requirements include maintaining on a quarterly basis a minimum working capital ratio of 1.10 : 1 and a maximum debt-to-equity ratio of 2.50 : 1. The total amount drawn on the line of credit cannot exceed the total value of 75% of Canadian trade receivables, 65% of US trade receivables, 50% of raw materials and 35% of finished goods.

As for its Van-Action (2005) Inc. subsidiary, it must maintain on a quarterly basis a minimum working capital of $1,200,000 and a maximum debt-to-equity ratio of 2 : 1 and, on an annual basis, a minimum debt service coverage ratio of 1.25 : 1. The debt to equity ratio is defined as being the total of EBITDA plus rent expense and payments under operating leases minus income taxes paid and additions to fixed assets divided by the sum of capital plus interest, rent expense and payments under operating and capital leases. The maximum amount that the subsidiary may draw from its line of credit is the lower of $1,500,000 and the total value of 90% of its Canadian trade receivables that benefit from government grants, 80% of all other Canadian trade receivables, net of warranty claims, 80% of Swedish trade receivables, 40% of raw materials net of trade liabilities under 30 days and 50% of vehicles with a maximum value of $350,000.

The Corporation is in compliance with all of the ratio requirements of its lenders.

B) 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

On September 14, 2005, the Corporation issued 4,249,984 common shares at $1.40 per share in order to acquire Savaria Concord Lifts Inc.. The cost per share was based on the market price that applied on the date of the acquisition but which was discounted to reflect a two-year sales restriction, one third of which was freed up in September 2007, a second third in September 2008 and the last third will be freed up in September 2009. Of the total shares issued, 133,234 shares at $1.50 per share are still under escrow to protect the Corporation against potential lawsuits or payments arising from events prior to the date of acquisition.

In 2007, the Corporation issued 475,000 common shares following the exercise of stock options at $1 per share; in consideration, a long-term loan in the amount of $250,000 was issued to a director who is also an employee, generating a net cash flow of $225,000. The long-term loan is classified as a reduction of capital stock and the number of issued stock options was increased by 250,000 options (note 25). A remuneration expense of $68,097 (2007-$107,821) was calculated for these options, considered as outstanding, and accounted for in Selling and administrative Expenses. Contingent loan repayments will result in a corresponding increase in capital stock and consequently the number of options outstanding will be reduced. The loan bears interest at an annual rate of 5% and is secured by 200,000 common shares of the Corporation having a market value of $100,000 as at December 31, 2008. Interest is payable on an annual basis while capital is due at maturity on February 23, 2010.

22 . CAPITAL STOCK (Cont'd)

Issued :

2008	**Common shares**	
	Number	**Amount**
Balance as at December 31, 2007, before the reversal of an exercice of stock options following the issuance of an employee loan	**28,162,414**	**$ 16,199,915**
Reversal of an exercice of stock options following the issuance of an employee loan	**(250,000)**	**(250,000)**
Balance as at December 31, 2007	**27,912,414**	**15,949,915**
Cancelled following issuer bid	**(671,900)**	**(383,938)**
Balance as at December 31, 2008	**27,240,514**	**$ 15,565,977**

2007	Common shares	
	Number	Amount
Balance as at December 31, 2006	28,598,414	$ 16,244,789
Exercise of stock options	475,000	475,000
Cancelled following issuer bid	(911,000)	(519,874)
	28,162,414	16,199,915
Reversal of an exercice of stock options following the issuance of an employee loan	(250,000)	(250,000)
Balance as at December 31, 2007	27,912,414	$ 15,949,915

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

	2008	2007
Weighted average number of shares outstanding	**27,298,997**	28,283,564
Effect of potential dilutive securities		
Stock options	**-**	87,312
Weighted average number of shares outstanding for use in determining diluted earnings per share	**27,298,997**	28,370,876

In calculating net diluted earnings (loss) per share for 2008 and 2007, 2,048,000 and 1,157,500 stock options were excluded due to their antidilutive effect.

23 . CONTRIBUTED SURPLUS

	2008	2007
Balance - beginning of year	**$ 1,539,901**	$ 1,297,822
Remuneration expense on options granted	**205,990**	242,079
Balance - end of year	**$ 1,745,891**	$ 1,539,901

24 . ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	2008	2007
Balance - beginning of year, net of income taxes of $4,390 (2007-$43,095)	**$ 9,619**	$ (86,828)
Changes in other comprehensive income in the current year, net of income taxes of $1,798,602 (2007-$47,485)	**(4,078,726)**	96,447
Unrealized gains (losses) on foreign exchange contracts designated as cash flow hedges, net of income taxes of $1,794,212 (2007-$4,390)	**$ (4,069,107)**	$ 9,619

25 . STOCK-BASED COMPENSATION PLAN

According to a stock option agreement for certain employees and directors of the Corporation, the Board of Directors may, at its discretion but without exceeding 1,792,659 shares, grant them 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 preceeding the options grant. 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. The value of each option is estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

2008				
Number of options granted	**Risk-free interest rate**	**Dividend yield**	**Expected volatility**	**Expected term**
60 000	**3.99%**	**2.26%**	**38%**	**5 years**
75 000	**2.92%**	**2.26%**	**38%**	**3 years**
700 000	**3.31%**	**2.26%**	**38%**	**6 years**
50 000	**3.18%**	**2.26%**	**38%**	**5 years**
Total 885 000	**3.32%**	**2.26%**	**38%**	**3 to 6 years**

2007				
Number of options granted	Risk-free interest rate	Dividend yield	Expected volatility	Expected term
79 000	4.22%	3,99%	35%	3 years
50 000	4.22%	3,99%	35%	5 years
100 000	4.50%	3,99%	35%	3 years
100 000	4.62%	3,99%	35%	5 years
100 000	3.87%	3,99%	35%	5 years
250 000	4.23%	3,99%	35%	3 years
Total 679 000	4.27%	3,99%	35%	3 to 5 years

The estimated fair value of the options granted in 2008 is $275,592 (2007-$442,226). This amount is amortized and charged to earnings as the rights to exercise are vested.

The remuneration expense in the amount of $205,990 (2007-$242,079) on options granted to employees and directors has been credited to contributed surplus.

	2008		2007	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Outstanding-beginning of year	**1,517,500**	**$ 1.70**	1,491,500	$ 1.60
Granted	**885,000**	**0.97**	429,000	1.79
Exercised	**-**	**n/a**	(225,000)	1.00
Expired	**(354,500)**	**2.03**	(178,000)	2.00
Outstanding-end of year	**2,048,000**	**$ 1.33**	1,517,500	$ 1.70
Exercisable at the end of the year	**920,250**	**$ 1.53**	1,004,667	$ 1.65

25 . STOCK-BASED COMPENSATION PLAN (Cont'd)

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

2008				2007			
	Options outstanding				Options outstanding		
Exercice price	Number	Weighted average years to maturity	Options exercisable	Exercice price	Number	Weighted average years to maturity	Options exercisable
0,95	750,000	5.5 years	-	1,00	250,000	2.1 years	250,000
1,00	250,000	1.1 year	250,000	1,35	100,000	4.9 years	-
1,06	75,000	2.2 years	56,250	1,59	100,000	4.6 years	-
1,10	60,000	4.1 years	-	1,60	60,000	2.9 years	21,667
1,35	100,000	3.9 years	25,000	1,65	50,000	3.7 years	12,500
1,59	100,000	3.6 years	25,000	1,70	100,000	1.2 year	100,000
1,60	60,000	1.9 year	24,167	1,75	225,000	1.4 year	225,000
1,65	50,000	2.7 years	25,000	1,80	25,000	3.5 years	-
1,70	100,000	0.2 year	100,000	1,96	100,000	2.2 years	75,000
1,75	225,000	0.4 year	225,000	2,00	344,500	1.7 year	274,500
1,80	25,000	2.5 years	8,333	2,07	41,000	0.7 year	41,000
1,96	100,000	1.2 year	100,000	2,15	117,000	2.9 years	-
2,00	70,000	1.9 year	52,500	2,50	5,000	0.6 year	5,000
2,15	83,000	2.2 years	29,000	n/a	n/a	n/a	n/a
$0.95 to $2.15	2,048,000	3.2 years	920,250	$1.00 to $2.50	1,517,500	2.3 years	1,004,667

26 . RELATED PARTY TRANSACTIONS

The Corporation recorded an amount of $88,310 (2007-$59,600) for services rendered by an entity whose officer is a director and Chief financial officer of the Corporation. The transactions occurred in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

On August 22, 2008, the Corporation paid an amount of $216,055 to an employees and close relative to the President relating to the transfer of the capital of a VIE (note 21). The transaction was completed at cost and assets and liabilities were not re-evaluated.

27 . COMMITMENTS AND CONTINGENCIES

A) Commitments

The Corporation concluded lease agreements for the rental of its premises and entered into operating leases for rolling stock and equipment for a total of $6,076,294 (2007-$6,928,616). Future minimum lease payments under these operating leases, as at December 31, 2008, are as follows:

2009 - $1,809,885 2010 - $1,832,168 2011 - $1,406,233 2012 - $976,411 2013 - $51,597

The Corporation has committed itselt with one of its suppliers to purchase a minimum number of scooters of 1,100 in 2009 and 1,200 in 2010 in order to retain its exclusive right to sell these products.

B) 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.

28 . FINANCIAL INSTRUMENTS

Fair value

Classification of financial instruments

Financial instruments, other than derivative financial instruments designated as hedging, as well as their carrying amount and fair value as at December 31, 2008 and 2007 are detailled in the tables below.

Fair value of financial instruments

As at December 31, 2008, the carrying amount of current financial assets primarily composed of trade and other receivables, and short-term financial liabilities approximate their fair value given that they are expected to be realized in the short term.

28 . FINANCIAL INSTRUMENTS (Cont'd)

The carrying amount of long-term financial assets classified as loans and receivables consisting primarily of long-term loans differ slightly from their fair value since they do not bear interest at current going rates.

The carrying amount of long-term investments in ABCP classified as held to maturity approximate their fair value given that a permanent impairment was recognized in 2007 and in 2008.

The carrying amount of long-term investments other than ABCP classified as held to maturity approximate their fair value given that they mature in the short-term (note 14B).

The carrying amount of other financial liabilities approximate their fair value given that they are subject to terms, including variable interest rates, similar to those that the Corporation could obtain for instruments with similar terms with the exception of a debt in the amount of $6,000,000 that was re-evaluated at its fair value of $5,604,365, because of its favourable interest rate.

Transaction costs related to financial assets and liabilities held for trading are expensed as incurred. Transaction costs related to financial assets held to maturity, loans and receivables and other liabilities are included in the carrying value of the asset or liability and are then amortized over the expected life of the instrument using the effective interest rate method.

2008	**Carrying amount**				**Fair value**
	Held-for-trading	**Held to maturity**	**Loans and receivables and Other liabilities**	**Total**	
Financial assets					
Cash and Cash equivalents	**$ 5,202,780**	**$ -**	**$ -**	**$ 5,202,780**	**$ 5,202,780**
Trade and other receivables	**-**	**-**	**9,326,821**	**9,326,821**	**9,326,821**
Long-term loans	**-**	**-**	**251,635**	**251,635**	**202,674**
Long-term investments in ABCP	**-**	**1,780,126**	-	**1,780,126**	**1,780,126**
Long-term investments other than ABCP	**-**	**4,100,000**	-	**4,100,000**	**4,100,000**
	5,202,780 $	**$ 5,880,126**	**$ 9,578,456**	**$ 20,661,362**	**$ 20,612,401**
Financial liabilities					
Bank loans	**$ -**	**$ -**	**$ 710,000**	**$ 710,000**	**$ 710,000**
Accounts payable	**-**	**-**	**5,984,551**	**5,984,551**	**5,984,551**
Long-term debt	**-**	**-**	**8,775,595**	**8,775,595**	**8,775,595**
	$ -	**$ -**	**$ 15,470,146**	**$ 15,470,146**	**$ 15,470,146**

2007	Carrying amount				Fair value
	Held-for-trading	Held to maturity	Loans and receivables and Other liabilities	Total	
Financial assets					
Cash and Cash equivalents	$ 4,714,615	$ -	$ -	$ 4,714,615	$ 4,714,615
Trade and other receivables	-	-	8,605,832	8,605,832	8,605,832
Long-term loans	-	-	307,726	307,726	245,311
Long-term investments in ABCP	2,719,929	-	-	2,719,929	2,719,929
	$ 7,434,544	$ -	$ 8,913,558	$ 16,348,102	$ 16,285,687
Financial liabilities					
Bank loans	$ -	$ -	$ 940,000	$ 940,000	$ 940,000
Current liability related to assets held for sale	-	-	3,750,000	3,750,000	3,750,000
Accounts payable	-	-	6,561,932	6,561,932	6,561,932
Long-term debt	-	-	675,174	675,174	686,308
	$ -	$ -	$ 11,927,106	$ 11,927,106	$ 11,938,240

Financial risk factors

The Corporation's activities expose it to a variety of financial risks : market risks (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. In order to minimize the potential adverse effects on the Corporation's financial performance, the Corporation uses derivative financial instruments to hedge certain risk exposures. Treasury is managed centrally to allow for identification, evaluation and hedging of financial risks.

28 . FINANCIAL INSTRUMENTS (Cont'd)

A) Market risks

Currency risk

The Corporation realizes approximately 59% (2007-58%) 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 U.S. dollars and by using derivative financial instruments such as forward foreign exchange contracts. Those contracts are contracts under which the Corporation is obligated to sell U.S. dollars at a fixed rate.

Management has implemented a policy to manage foreign exchange risk against its functional currency. The objective of the policy is to minimize the risks related to foreign currency transactions, more specifically in U.S. dollars, in order to protect the gross margin from important foreign currency fluctuations and to avoid management speculation on currency values. The Corporation manages this risk exposure by entering into various foreign exchange forward contracts. According to the policy, a maximum of 75% of anticipated net inflows in U.S. dollars must be hedged.

The Corporation has at its disposal a line of treasury in the amount of $15,000,000 in order to cover foreign exchange risks associated with its forward foreign exchange contracts.

The following table summarizes the Corporation's commitments to sell foreign currencies as at December 31:

2008

Maturity	Type	Average exchange rate	Contractual amounts (in U.S. dollars)
0 to 12 months	Sale	1,0708	$25,700,000
12 to 24 months	Sale	1,1093	24,000,000
24 to 36 months	Sale	1,1910	6,000,000
		1,1004	$55,700,000

2007

Maturity	Type	Average exchange rate	Contractual amounts (in U.S. dollars)
0 to 12 months	Sale	0,9935	$6,000,000

The fair value of derivative financial instruments generally reflects the estimated amounts that the Corporation would pay or receive upon settlement of the contracts at year-end.

The fair value of the financial instruments which are presented as "Accumulated other comprehensive income" is as follows as at December 31:

	2008	2007
Unrealized gains (losses) on forward exchange contracts	$ (6,091,319)	$ 14,009
Less: portion relating to forward exchange contracts maturing in the short term	(3,714,953)	14,009
	$ (2,376,366)	$ -

As at December 31, 2008, with other variables unchanged, a $0.01 strengthening (weakening) of the Canadian dollar against the US dollar would have a favourable (unfavourable) impact on comprehensive income's "Unrealized gains (losses) on forward exchange contracts" in the amount of $518,000 (2007-$64,000).

Gains and losses on financial instruments designated as cash flow hedges are recognized in the Corporation's results in the same period as the underlying transactions. Variances in the fair value of non-designated financial instruments are recognized immediately.

Gains and losses on financial instruments are recognized as follows in the financial statements:

	2008	2007
Gains on foreign exchange from foreign exchange forward contracts	$ -	$ 225,280
Gains (losses) on foreign currency exchange on U.S. dollar monetary balances	1,791,581	(1,152,121)
Total gains (losses) on foreign currency exchange recognized as "Other Revenues and Expenses"	1,791,581	(926,841)
Gains (losses) on foreign currency exchange from hedging relationships recognized as "Sales"	(1,155,997)	410,964
	$ 635,584	$ (515,877)

28 . FINANCIAL INSTRUMENTS (Cont'd)

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 US dollars)

	2008	2007
Cash and cash equivalents	**$ 469,248**	$ 1,568,658
Accounts receivable	**5,098,538**	4,955,352
Long-term loans, including current portion	**206,597**	310,467
Accounts payable	**(395,695)**	(692,163)
Long-term debt, including current portion	**-**	(376,989)
Total monetary items denominated in US dollars	**$ 5,378,688**	$ 5,765,325

As at December 31, 2008, with other variables unchanged, a $0.01 strengthening (weakening) of the Canadian dollar against the US dollar would have an unfavourable (favourable) impact on "Other revenues and expenses" in the amount of $54,000 (2007-$58,000).

Interest rate risk

The Corporation's interest rate risk arises from long-term investments, bank loans and long-term debt. Investments and borrowings issued at variable rates expose the Corporation to cash flow interest rate risk, while investments and borrowings issued at fixed rates expose the Corporation to fair value interest rate risk.

The Corporation has at its disposal a line of treasury in the amount of $600,000 in case it chooses to convert its variable interest rate on long-term debt in the amount of $6,000,000 to a fixed rate debt.

The Corporation analyses its interest risk exposure on a continual basis and examines its renewal and refinancing options in order to minimize risks.

The Corporation's exposure to interest rate risk is as follows:

Cash CA$	Prime rate less 2.25%
Cash US$	Prime rate less 4.50%
Accounts receivable	Non-interest bearing
Long-term investments	Note 14 B
Long-term loans to United States	Note 15
Accounts payable	Non-interest bearing
Bank loans	Prime rate and prime rate plus 1.00%
Long-term debt	Note 18

Impact of interest rate risks on monetary items with a variable interest rate:

	2008	2007
Cash and cash equivalents	**$ (5,202,780)**	$ (4,714,615)
Long-term investments (guaranteed investment certificate)	**(4,100,000)**	-
Bank loans	**710,000**	940,000
Short-term debt	**-**	3,000,000
Long-term debt, including current portion	**8,771,031**	291,666
Total monetary items with a variable interest rate	**$ 178,251**	$ (482,949)

As at December 31, 2008, with other variables unchanged, a 1% increase (decrease) in the prime rate would have an unfavourable (favourable) impact on "Other revenus and expenses" in the amount of $2,000 (December 31, 2007:-$5,000) on an annual basis.

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 make use of derivative products on the price of materials.

28 . FINANCIAL INSTRUMENTS (Cont'd)

B) Credit risk

Cash and cash equivalents are held or issued by "high-credit quality" financial institutions. Therefore, the Corporation considers that the risk of non-performance of those instruments is negligeable.

ABCP investments are subject to uncertainty as to their eventual cash value (note 14).

Foreign currencies for which the Corporation has committed itself to sell present a risk in that the Corporation must dispose of sufficient foreign currency to meet the deadlines of its foreing exchange contracts.

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

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

As at December 31, 2008, trade receivables were classified in the following chronoligical order:

Current accounts	$ 3,784,312
Past due accounts, less than 30 days	2,587,570
Past due accounts, between 31 and 60 days	1,474,566
Past due accounts, over 60 days	2,292,123
	$ 10,138,571

The following table shows how the allowance for doubful accounts changed since December 31, 2007:

Allowance for doubtful accounts as at December 31, 2007	$ 782,549
Increase in allowance	780,986
Write-off of accounts	(342,164)
Allowance for doubtful accounts as at December 31, 2008	$ 1,221,371

For other debts, the Corporation continually assesses probable losses and sets up a provision for losses based on their estimated realizable value.

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 level on a continual basis to assure itself 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. The Corporation has sufficient credit facilities available to make up for temporary lapses in synchronization of inflows and outflows of funds.

As at December 31, 2008, the Corporation had at its disposal working capital of $16,078,000 (December 31, 2007-$10,389,000) and unused credit facilities of $2,790,000 (December 31, 2007-$7,560,000).

The following are the contractual obligations of financial liabilities as at December 31, 2008.

	Carrying amount	Contractual cash flows	0 to 6 months	6 to 12 months	12 to 24 months	More than 24 months
Bank loans	$ 710,000	$ 823,600	$ 14,200	$ 14,200	$ 28,400	$ 766,800
Accounts payable	5,984,551	5,984,551	5,984,551	-	-	-
portion	8,775,595	9,689,323	792,047	699,488	1,291,130	6,906,658
Derivatives related to foreign exchange contracts	6,091,319	6,091,319	1,897,092	1,817,860	2,315,723	60,644
	$ 21,561,465	$ 22,588,793	$ 8,687,890	$ 2,531,548	$ 3,635,253	$ 7,734,102

29 . GOVERNMENT ASSISTANCE

During 2008, the Corporation recorded research and development tax credits of $625,898 (2007-$603,821). These credits, of which $169,218 has not yet been assessed by the tax authorities, were accounted for as follows:

	2008	2007
Decrease in deferred development costs	$ 425,548	$ 452,767
Decrease in selling and administrative expenses	200,350	151,054
	$ 625,898	$ 603,821

30 . 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 accounting policies used for these reportable segments are consistent with those described in the summary of significant accounting policies.

The business sectors are detailed as follows:

	2008			2007		
	Accessibility	Adapted Transport	Total	Accessibility	Adapted Transport	Total
Sales	$ 45,982,363	$ 8,730,713	$ 54,713,076	$ 48,907,992	$ 8,611,698	$ 57,519,690
Operating earnings	2,303,796	228,444	2,532,240	1,539,758	177,538	1,717,296
Net earnings (losses)	1,353,156	196,121	1,549,277	(435,257)	111,330	(323,927)
Assets	36,921,327	3,762,145	40,683,472	35,850,122	2,839,112	38,689,234
Amortization	744,063	52,152	796,215	913,926	49,975	963,901
Additions to fixed assets	192,646	13,898	206,544	206,190	9,920	216,110

Information by geographic region is as follows:

	Sales		Fixed assets, intangible assets and goodwill	
	2008	2007	2008	2007
United States	$ 29,219,541	$ 30,912,313	$ 448,627	$ 448,627
Canada	21,975,687	22,887,455	2,727,742	3,076,391
Europe and elsewhere	3,517,848	3,719,922	-	-
	$ 54,713,076	$ 57,519,690	$ 3,176,369	$ 3,525,018

31 . SUBSEQUENT EVENT

On March 16, 2009, the Corporation entered into two agreements with its financial institution whereby a temporary financing agreement in the amount of $3,000,000 was converted to long-term debt. The first agreement for a total amount of US$1,514,083 matures in March 2012 and is renewable for periods of one year with a maximum of four renewal periods. The second agreement for a total amount of US$1,471,791 matures in March 2011 and is renewable for periods of one year with a maximum of five renewal periods. Both loans, for wich only the interest is payable on a monthly basis, bear interest at the US prime rate minus 1% and ABCP investments are pledged as security.

Following the restructuring of ABCP investments, a financial instrument will be recognized as at March 31, 2009 in an amount of to be determined, representing the gain between the face value of one portion of the second loan above and the fair value of the ABCP investments securing this portion of the loan.

32 . COMPARATIVE FIGURES

Certain figures for the previous year have been reclassified to conform to the presentation adopted for the year ended December 31, 2008.