SAVARIA CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014 AND 2013

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As at December 31, 2014 and 2013

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MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

The consolidated financial statements as at December 31, 2014 and 2013 and for the years then ended have been audited by the auditors appointed by the shareholders, KPMG LLP.

Marcel Bourassa
Chairman of the Board and Chief Executive Officer

Jean-Marie Bourassa, CPA, CA
Chief Financial Officer

Laval (Québec) Canada
March 26, 2015

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Savaria Corporation

We have audited the accompanying consolidated financial statements of Savaria Corporation, which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Savaria Corporation as at December 31, 2014 and December 31, 2013, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG LLP*

March 26, 2015

Montréal, Canada

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

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

	Note	**2014**	2013
Assets			
Current assets			
Cash	*5*	**$ 16,280**	$ 1,968
Trade and other receivables	*6*	**12,168**	11,711
Current portion of long-term loans		**99**	111
Tax credits receivable		**264**	394
Inventories	*7*	**16,694**	14,179
Prepaid expenses		**635**	537
Total current assets		**46,140**	28,900
Non-current assets			
Tax credits receivable		**-**	14
Long-term loans		**64**	78
Fixed assets	*8*	**12,122**	12,302
Intangible assets	*9*	**2,661**	1,679
Goodwill	*10*	**7,253**	4,051
Deposit on purchase of fixed and intangible assets		**23**	29
Deferred tax assets	*20*	**3,157**	1,960
Total non-current assets		**25,280**	20,113
Total assets		**$ 71,420**	$ 49,013
Liabilities			
Current liabilities			
Trade and other payables	*12*	**$ 9,677**	$ 7,413
Income taxes payable		**1,198**	775
Deferred revenues		**2,045**	1,584
Derivative financial instruments	*24*	**2,295**	1,113
Current portion of long-term debt	*13*	**2,833**	2,864
Warranty provisions	*14*	**454**	402
Total current liabilities		**18,502**	14,151
Non-current liabilities			
Long-term debt	*13*	**12,521**	12,731
Warranty provisions	*14*	**681**	598
Derivative financial instruments	*24*	**2,991**	1,146
Deferred tax liabilities	*20*	**269**	154
Total non-current liabilities		**16,462**	14,629
Total liabilities		**34,964**	28,780
Equity			
Share capital and warrants	*15*	**33,268**	13,969
Contributed surplus		**2,042**	2,079
Accumulated other comprehensive loss		**(3,564)**	(1,314)
Retained earnings		**4,710**	5,499
Total equity		**36,456**	20,233
Total liabilities and equity		**$ 71,420**	$ 49,013

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

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

	Note	2014	2013
Revenue	16	**$ 82,909**	$ 75,739
Cost of sales		**(57,589)**	(53,484)
Gross margin		**25,320**	22,255
Operating costs			
Administrative expenses		**(7,293)**	(6,764)
Selling expenses		**(6,486)**	(5,588)
Engineering expenses		**(2,127)**	(2,101)
Research and development expenses		**(659)**	(632)
		(16,565)	(15,085)
Other income	18	**10**	339
Operating income		**8,765**	7,509
Finance income	19	**777**	621
Finance costs	19	**(750)**	(911)
Net finance income (costs)		**27**	(290)
Income before income tax		**8,792**	7,219
Income tax expense	20	**(2,401)**	(1,920)
Net income		**6,391**	5,299
Other comprehensive income			
Items that may be reclassified subsequently to income or loss			
Change in the fair value of derivative financial instruments designated as cash flow hedges		**(4,724)**	(2,340)
Deferred income tax		**1,219**	589
		(3,505)	(1,751)
Losses (gains) on foreign exchange contracts transferred to net income in the current year		**1,500**	(19)
Deferred income tax		**(379)**	5
		1,121	(14)
Net change in fair value of derivative financial instruments designated as cash flow hedges		**(2,384)**	(1,765)
Unrealized net gains on translation of financial statements of foreign operations		**134**	145
Other comprehensive loss, net of income tax		**(2,250)**	(1,620)
Total comprehensive income		**$ 4,141**	$ 3,679
Earnings per share:	21		
Basic		**$ 0.23**	$ 0.23
Diluted		**$ 0.23**	$ 0.23

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

	2013					
	Share capital		Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Total equity
	Number	Amount				
Balance at January 1, 2013	**22,909,564**	**$ 13,313**	**$ 2,141**	**$ 306**	**$ 3,464**	**$ 19,224**
Total comprehensive income						
Net income	-	-	-	-	5,299	**5,299**
Other comprehensive income:						
Change in the fair value of derivative financial instruments designated as cash flow hedges, net of tax	-	-	-	(1,751)	-	**(1,751)**
Gains on foreign exchange contracts transferred to net income in the current year, net of tax	-	-	-	(14)	-	**(14)**
Unrealized net gains on translation of financial statements of foreign operations	-	-	-	145	-	**145**
Other comprehensive loss	-	-	-	(1,620)	-	**(1,620)**
Total comprehensive (loss) income	-	$ -	$ -	$ (1,620)	$ 5,299	**$ 3,679**
Transactions with owners, recorded directly in equity (notes 15 (A) and 23)						
Cancelled shares following issuer bid	(6,200)	(4)	-	-	(6)	**(10)**
Compensation expense on options granted	-	-	36	-	-	**36**
Share options exercised	507,500	660	(98)	-	-	**562**
Dividends on common shares	-	-	-	-	(3,258)	**(3,258)**
Total transactions with owners	501,300	656	(62)	-	(3,264)	**(2,670)**
Balance at December 31, 2013	**23,410,864**	**$ 13,969**	**$ 2,079**	**$ (1,314)**	**$ 5,499**	**$ 20,233**

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

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

	2014						
	Share capital and warrants						
	Number						
	Share capital	Warrants	Amount	Contributed surplus	Accumulated other comprehensive (loss) income	Retained earnings	Total equity
Balance at January 1, 2014	**23,410,864**	-	**$ 13,969**	**$ 2,079**	**$ (1,314)**	**$ 5,499**	**$ 20,233**
Total comprehensive income							
Net income	-	-	-	-	-	6,391	**6,391**
Other comprehensive income:							
Change in the fair value of derivative financial instruments designated as cash flow hedges, net of tax	-	-	-	-	(3,505)	-	**(3,505)**
Losses on foreign exchange contracts transferred to net income in the current year, net of tax	-	-	-	-	1,121	-	**1,121**
Unrealized net gains on translation of financial statements of foreign operations	-	-	-	-	134	-	**134**
Other comprehensive loss	-	-	-	-	(2,250)	-	**(2,250)**
Total comprehensive (loss) income	-	-	$ -	$ -	$ (2,250)	$ 6,391	**$ 4,141**
Transactions with owners, recorded directly in equity (notes 15 (A) and 23)							
Shares and warrants issued in relation to a private placement	5,750,000	2,875,000	18,688	-	-	-	**18,688**
Share and warrant issue costs, net of tax	-	-	-	-	-	(835)	**(835)**
Compensation expense on options granted	-	-	-	93	-	-	**93**
Share options exercised	393,750	-	611	(130)	-	-	**481**
Dividends on common shares	-	-	-	-	-	(6,345)	**(6,345)**
Total transactions with owners	6,143,750	2,875,000	19,299	(37)	-	(7,180)	**12,082**
Balance at December 31, 2014	**29,554,614**	**2,875,000**	**$ 33,268**	**$ 2,042**	**$ (3,564)**	**$ 4,710**	**$ 36,456**

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

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

	Note	2014	2013
Cash flows from operating activities			
Net income		**$ 6,391**	$ 5,299
Adjustments for:			
Depreciation of fixed assets	*8*	**982**	831
Amortization of intangible assets	*9*	**787**	765
Change in the fair value of restructured notes and put option		**-**	172
Gain on the settlement of a debt		**-**	(275)
Income tax expense	*20*	**2,401**	1,920
Capitalized finance costs on long-term debt		**49**	44
Compensation expense on share options granted	*23*	**93**	36
Gains on foreign exchange contracts cashed in advance and transferred to net income		**(198)**	(391)
(Gain) loss on the sale and write-off of fixed assets		**(10)**	12
Unrealized foreign exchange loss on non-current monetary items		**104**	154
Interest cost		**701**	695
		11,300	9,262
Net changes in non-cash operating items	*22 (A)*	**(641)**	(2,351)
Increase in long-term loans		**(33)**	-
Proceeds from long-term loans		**136**	398
Income tax paid		**(1,549)**	(340)
Net cash from operating activities		**9,213**	6,969
Cash flows used in investing activities			
Business acquisition	*4*	**(2,500)**	-
Receipts of long-term investments		**-**	25
Proceeds from sales of fixed assets		**15**	21
Deposit on purchase of fixed and intangible assets		**(23)**	(29)
Additions to fixed assets	*8*	**(574)**	(1,089)
Increase in intangible assets	*9*	**(455)**	(387)
Net cash used in investing activities		**(3,537)**	(1,459)
Cash flows from (used in) financing activities			
Increase in long-term debt		**138**	564
Repayment of borrowings		**(2,483)**	(2,691)
Interest paid		**(701)**	(695)
Transaction costs related to a long-term debt		**-**	(7)
Proceeds from the issuance of common shares and warrants in relation to a private placement, net of transaction fees	*15 (A)*	**17,546**	-
Repurchase of common shares		**-**	(10)
Proceeds from exercise of share options		**481**	562
Dividends paid on common shares	*15 (C)*	**(6,345)**	(3,258)
Net cash from (used in) financing activities		**8,636**	(5,535)
Net change in cash		**14,312**	(25)
Cash at January 1		**1,968**	1,993
Cash at December 31		**$ 16,280**	$ 1,968

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

1 . Reporting entity

Savaria Corporation is a company domiciled in Canada. The address of its registered office is 2724 Étienne-Lenoir Street, Laval, Québec. The consolidated financial statements of the Corporation as at and for the years ended December 31, 2014 and 2013 comprise the accounts of Savaria Corporation and its wholly-owned subsidiaries (together referred to as the "Corporation"). The activities of the Corporation consist of designing, manufacturing, installing and distributing elevators, platform lifts and stairlifts for people with mobility challenges as well as converting and adapting vans also for persons with mobility challenges. Moreover, the Corporation operates a lead generation program by which it distributes leads on potential customers; it is also a franchisor of stores through which new and recycled accessibility equipment is sold.

2 . Basis of presentation

(A) Statement of compliance

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

These consolidated financial statements have been audited by the Corporation's auditors and were approved by the Board of Directors on March 26, 2015.

(B) Basis of measurement

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

(C) Functional and presentation currency

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

(D) Use of estimates and judgements

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

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

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment are the goodwill (note 10), the measurement of the identifiable assets acquired during a business acquisition (note 4), the measurement of the fair value of the financial instruments (note 24), including derivatives.

Important judgements made by management when applying accounting policies that have the most significant impact on amounts recognized in the consolidated financial statements are the determination of cash-generating units ("CGU") (note 10), the identification of operating segments (note 28) and the determination of foreign operation's functional currency.

3 . Significant accounting policies

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

(A) Basis of consolidation

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

Subsidiaries

Savaria Concord Lifts Inc. ("Savaria Concord")

Freedom Motors Inc. ("Freedom")

Savaria Home Access Inc. ("Savaria Home Access")

Savaria (Huizhou) Mechanical Equipment Manufacturing Co., LTD ("Savaria Huizhou")

Savaria Lifts Ltd. ("Savaria Lifts")

Savaria Sales, Installation and Service Inc. ("Savaria SIS")

Savaria USA Inc. ("Savaria USA")

Van-Action (2005) Inc. ("Van-Action")

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

(B) Foreign currency

(i) Foreign currency transactions

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

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

(ii) Foreign operations

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

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

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

3 . Significant accounting policies (continued)

(C) Financial instruments

The Corporation initially recognizes financial assets on the trade date at which the Corporation becomes a party to the contactual provisions of the instrument.

Financial assets are initially measured at fair value. If the financial asset is not subsequently recognized at fair value through net income, transaction costs directly attributable to the acquisition or creation of the asset will be included in the initial measurement. Transaction costs directly attributable to other financial assets will be recognized in net income. Upon initial recognition, the Corporation classifies its financial assets as subsequently measured at amortized cost or at fair value, depending on its business model for managing the financial assets and the characteristics of their contractual cash flows.

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

(i) Financial assets

Financial assets are classified into the following categories, depending on the purpose for which the financial assets were acquired.

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment loss, if:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and/or interest.

The Corporation currently classifies its cash, trade receivables and other receivables as well as its long-term loans as financial assets measured at amortized cost. Trade receivables and long-term loans are presented on the consolidated statement of financial position net of an allowance for impairment loss. The allowance is based on the Corporation's best estimate as to the probability of collecting uncertain accounts. Uncertainty regarding the collection of accounts may derive from various indicators, including a deterioration in the credit-worthiness of a client or an abnormal delay in payment of past-due invoices. Management regularly reviews client accounts, ensures that past-due accounts are followed up and evaluates the relevance of its allowance for doubtful accounts. Impairment is charged to an allowance account for as long as management considers that there is a possibility of collecting the amount owed. Once all collection procedures are exhausted, the loss is charged directly against the carrying amount of trade receivables. Trade receivables are occasionnally renegotiated as long-term loans. In these cases, the Corporation requires sufficient securities and personal guarantees to cover the amount of the loan. These loans are recognized at fair value at the time of the transfer from trade receivables to long-term loans.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets measured at fair value

These assets are measured at fair value and changes therein, including any interest or dividend income, are recognized in net income. However, for investments in equity instruments that are not held for trading, the Corporation may elect at initial recognition to present gains and losses in other comprehensive income. For such investments measured at fair value through other comprehensive income, gains and losses are never reclassified to net income, and no impairment is recognized in net income. Dividends earned from such investments are recognized in net income, unless the dividend clearly represents a repayment of part of the cost of the investment. The Corporation currently has no financial assets measured at fair value.

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

(C) Financial instruments (continued)

(ii) Financial liabilities

Financial liabilities are classified into the following categories.

Financial liabilities measured at amortized cost

A financial liability is subsequently measured at amortized cost, using the effective interest method. The Corporation currently classifies its trade and accrued liabilities as well as its long-term debt as financial liabilities measured at amortized cost.

Financial liabilities measured at fair value

Financial liabilities at fair value are initially recognized at fair value and are re-measured at each reporting date with any changes therein recognized in net income. The Corporation currently has no financial liabilities measured at fair value.

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

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments and hedging relationships

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

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

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable anticipated transaction that could affect net income, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in accumulated other comprehensive income (loss) in equity. The amount recognized in other comprehensive income is transferred to net income in the same period as the hedged cash flows under the same line item in the statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in net income as finance income or finance costs.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income and presented in accumulated other comprehensive income (loss) in equity remains there until the anticipated transaction affects net income. If it is probable that the transaction will not occur, then the balance in other comprehensive income is recognized immediately in net income.

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

(C) Financial instruments (continued)

Embedded derivatives

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

(iv) Fair value measurements

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

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

(D) Share capital

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

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

(E) Fixed assets

(i) Recognition and measurement

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

3 . Significant accounting policies (continued)

(E) Fixed assets (continued)

The estimated useful lives are as follows:

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

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

(F) Goodwill and intangible assets

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

(i) Goodwill

Initial measurement

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

Subsequent measurement

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

(ii) Research and development

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

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

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

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

(F) Goodwill and intangible assets (continued)

(iii) Amortization

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

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

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

· Trademarks	5 to 15 years
· Client lists	5 to 10 years
· Distribution licences	5 years
· Maintenance contracts	5 to 10 years
· Technology	5 to 7.5 years
· Software	5 years
· Deferred development costs	3 years

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

(G) Inventories

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

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

(H) Impairment

(i) Financial assets

The Corporation assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occured after the initial recognition of the asset (a "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probablity that they will enter bankruptcy or other financial reorganization, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as charges in arrears or economic conditions that correlate with defaults.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occuring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated statement of comprehensive income.

3 . Significant accounting policies (continued)

(H) Impairment (continued)

(ii) Non-financial assets

The carrying amounts of the Corporation's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset or its CGUs recoverable amount is estimated. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Non-financial assets that have an indefinite useful life such as goodwill and certain intangible assets, are not subject to amortization and are therefore tested annually for impairment or more frequently if events or changes in circumtances indicate that the asset might be impaired.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. Each CGU or group of CGUs to which goodwill is allocated must represent the lowest level at which the goodwill is monitored for internal management purposes and musn't be, before allocating the goodwill, larger than an operating segment.

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

Impairment losses are recognized in net income. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGU or group of CGUs on a *pro rata* basis of the carrying amount of each asset of the CGU that is subject to the impairment test.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(I) Employee benefits

(i) Defined contribution plans

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

(ii) Share-based payment transactions

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

3 . Significant accounting policies (continued)

(J) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

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

(K) Revenues

(i) Goods sold

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

(ii) Installation and maintenance contracts

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

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

(iii) Revenue realized from franchises

Revenue realized from franchises includes entry fees, royalties and renewal fees. Up-front entry fees are recognized as revenue once almost all initial services, as described in the franchise agreement, have been rendered, which generally corrresponds with the franchise's start of activities. Royalties from franchises are recognized periodically based on the sales declared by franchisees. Renewal fees are recognized in the period when they are earned, which corresponds with the date when the renewal is completed.

(iv) Revenue realized from the identification of leads

Revenue from the sale of leads related information is recognized periodically as this information is distributed.

(L) Lease payments

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

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

3 . Significant accounting policies (continued)

(M) Finance income and finance costs

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

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

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

(N) Tax

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

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

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

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

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

(O) Earnings per share

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

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

(P) Segment reporting

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

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

(Q) New accounting standards

The following new standards, and amendments to standards and interpretations have been applied in preparing the consolidated financial statements as at December 31, 2014. The adoption of these new standards has not had a material impact on the consolidated financial statements.

IFRS 9 - *Financial Instruments*

In November 2009, the International Accounting Standards Board ("IASB") issued IFRS 9, *Financial Instruments* (IFRS 9 (2009)), and in October 2010, the IASB published amendments to IFRS 9 (IFRS 9 (2010)). In November 2013, the IASB issued a new general hedge accounting standard, which forms part of IFRS 9, *Financial Instruments* (2013). In February 2014, the IASB tentatively decided that the mandatory effective date of the new standard will be January 1, 2018.

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

The Corporation has decided to early-adopt the new IFRS 9 (2013) standards in its condensed consolidated interim financial statements for the quarter ended on June 30, 2014 and effective on April 1, 2014. On adoption of IFRS 9 (2013), in accordance with its transitional provisions, the Corporation did not restated prior periods but classified its financial assets and liabilities as at April 1, 2014 restrospectively based on the new classification requirements and the characteristics of each financial instrument at the transition date. Adoption of IFRS 9 (2013) did not result in any reclassifications on the statement of financial position or any change in carrying amounts. Upon adoption of IFRS 9 (2013), all the Corporation's existing hedging relationships that qualified for hedge accounting under IAS 39 were reassessed with respect to the new hedge accounting requirements in IFRS 9 (2013). The hedging relationships have been continued under IFRS 9 (2013). After adoption of IFRS 9 (2013), the Corporation's policies regarding derivative financial assets and liabilities remained substantially the same as at March 31, 2014.

3 . Significant accounting policies (continued)

(Q) New accounting standards (continued)

Classification of financial instruments

The following summarizes the classification and measurement changes for the Corporation's financial assets and financial liabilities as a result of the adoption of IFRS 9 (2013).

	Category under IAS 39	Category under IFRS 9 (2013)
Financial assets		
Cash	Loans and receivables	**Amortized cost**
Trade and other receivables	Loans and receivables	**Amortized cost**
Long-term loans	Loans and receivables	**Amortized cost**
Financial liabilities		
Trade and other payables	Other financial liabilities	**Amortized cost**
Foreign exchange forward contracts	Fair value	**Fair value**
Interest rate swap agreements	Fair value	**Fair value**
Long-term debt	Other financial liabilities	**Amortized cost**

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

In December 2011 the IASB published *Offsetting Financial Assets and Financial Liabilities* . These amendments are to be applied retrospectively.

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

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

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

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

In June 2013, the IASB issued *Novation of Derivatives and Continuation of Hedge Accounting* (Amendments to IAS 39).

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

IFRIC 21 - *Levies*

In May 2013, the IASB issued IFRIC 21, *Levies* . IFRIC 21 is to be applied retrospectively.

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

3 . Significant accounting policies (continued)

(R) New standards and interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2014, and have not been applied in preparing these consolidated financial statements.

IFRS 9 - *Financial Instruments*

In July 2014 the IASB issued the complete IFRS 9 (IFRS 9 (2014)). The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new "expected credit loss" model for calculating impairment. IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Special transitional requirements have been set for the application of the new general hedging model.

IFRS 9 (2014) presents a few differences with IFRS 9 (2013), early adopted by the Corporation on April 1, 2014. The Corporation intends to adopt IFRS 9 (2014) in its financial statements for the annual period beginning on January 1, 2018. The Corporation does not expect the standard to have a material impact on the financial statements.

IFRS 15 - *Revenue from Contracts with Customers*

In May 2014 the IASB issued IFRS 15 *Revenue from Contracts with Customers*. The new standard is effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted.

IFRS 15 will replace IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers*, and SIC 31 *Revenue – Barter Transactions Involving Advertising Services*.

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRS.

The Corporation intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2017. The Corporation does not expect the standard to have a material impact on the financial statements.

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

In December 2013 the IASB issued narrow-scope amendments to a total of nine standards as part of its annual improvements process. The IASB uses the annual improvements process to make non-urgent but necessary amendments to IFRS. Most amendments will apply prospectively for annual periods beginning on or after July 1, 2014; however, the amendments to IFRS 2 and IFRS 3 refer to grant dates and dates of acquisition, respectively, on or after July 1, 2014. Earlier adoption is permitted, in which case, the related consequential amendments to other IFRS would also apply.

3 . Significant accounting policies (continued)

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

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

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

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

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

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

Annual Improvements to IFRS (2012-2014) cycle

In September 2014 the IASB issued narrow-scope amendments to a total of four standards as part of its annual improvements process. The amendments will apply for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted, in which case, the related consequential amendments to other IFRS would also apply. Each of the amendments has its own specific transition requirements.

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

- Changes in method for disposal under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* ;
- "Continuing involvement" for servicing contracts and offsetting disclosures in condensed interim financial statements under IFRS 7 *Financial Instruments: Disclosures* ;
- Discount rate in a regional market sharing the same currency under IAS 19 *Employee Benefits* ;
- Disclosure of information "elsewhere in the interim financial report" under IAS 34 *Interim Financial Reporting.*

The Corporation intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2016. The Corporation does not expect the amendments to have a material impact on the financial statements.

3 . Significant accounting policies (continued)

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

Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)

In May 2014 the IASB issued amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*. The amendments made to IAS 16 explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset. The amendments in IAS 38 introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption could be overcome only when revenue and consumption of the economic benefits of the intangible asset are "highly correlated" or when the intangible asset is expressed as a measure of revenue. The amendments will apply prospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

The Corporation intends to adopt the amendments to IAS 16 and IAS 38 in its financial statements for the annual period beginning on January 1, 2016. The Corporation does not expect the amendments to have a material impact on the financial statements.

Disclosure initiative: amendments to IAS 1

In December 2014 the IASB issued amendments to IAS 1 *Presentation of Financial Statements* as part of its major initiative to improve presentation and disclosure in financial reports (the “Disclosure Initiative”). The amendments are effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

These amendments will not require any significant change to current practice, but should facilitate improved financial statement disclosures.

The Corporation intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2016. The Corporation does not expect the amendments to have a material impact on the financial statements.

4 . Business acquisition

On September 11, 2014, the Corporation acquired substantially all of the operating assets of Privax International Ltd. and its subsidiaries operating under the Silver Cross ("Silver Cross") banner. Silver Cross operates a lead generation program to capture and distribute leads to affiliates in North America. It is also a franchisor of new and recycled home accessibility equipment stores that are located mostly in Canada but also in the United States. By acquiring Silver Cross, Savaria sees an opportunity to increase sales of its accessibility products through the sales to its franchisees and affiliates. The Corporation also sees an opportunity for growth in the number of franchises in Canada as well as in the lead generation program, which will increase business opportunities for Savaria's authorized distributors and Silver Cross' franchisees and affiliates.

The total consideration amounts to $4,700,000 and has a fair value of $4,414,000. It includes an initial payment on the date of acquisition of $2,500,000 and a note with a fair value of $1,914,000 payable in eight bi-annual payments of $275,000 each, the first of which is due on March 10, 2015. This note payable bears no interest and was recorded at its estimated fair value based on the net present value of the future cash flows calculated at a rate of 6.5%.

Acquisition related costs, amounting to $90,000, have been included in Administrative expenses in 2014. The amounts paid came from Corporation's available cash on hand.

The purchased assets are mainly intangible assets, such as customer lists, trademarks and technology, as well as goodwill; the latter arising from the synergies between Savaria and Silver Cross and the additional sales of accessibility equipment that will result from them. A total amount of $2,276,000 in goodwill is expected to be tax deductible.

The acquisition has been accounted for using the acquisition method, in conformity with IFRS 3, *Business combinations*. Operating results have been included in the consolidated financial statements from the date of acquisition. The breakdown of the purchase price presented below is final.

4 . Business acquisition (continued)

		Total
Assets acquired		
Intangible assets		
Client lists	$	990
Trademarks		153
Technology		236
Goodwill		3,202
	$	4,581
Liability assumed		
Deferred tax liability		167
	$	167
Fair value of net assets acquired	$	4,414
Less:		
Note payable, current portion		525
Note payable, long-term portion		1,389
Cash flows related to the acquisition	$	2,500

Sales and net income of the acquired business which are included in the Corporation's consolidated results for the year are not significant. If the acquisition of Silver Cross had taken place on January 1, 2014, management estimates that sales and net income of this business for 2014 would have been $1,045,000 and $234,000, respectively. These estimates were prepared using historical information obtained from the acquiree and do not reflect the benefits of integration activities, synergies or changes to historical transactions that may have resulted had the acquisition actually occurred on January 1, 2014. Estimated amounts are not necessarily indicative of the results of operations of the business that would have resulted had the acquisition actually occurred on January 1, 2014, or of the results that may be obtained in the future.

5 . Cash

		2014		2013
Bank balances	$	18,280	$	1,968
Bank loans used in cash management (note 11)		(2,000)		-
Cash	$	16,280	$	1,968

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

As at December 31, 2014, an amount of $540,000 (December 31, 2013-nil) is reserved as surety to cover unrealized losses on foreign exchange forward contracts (note 24 (D)).

6 . Trade and other receivables

		2014		2013
Trade receivables	$	11,097	$	11,471
Less: Allowance for doubtful accounts		(557)		(672)
	$	10,540	$	10,799
Sales taxes recoverable		1,449		775
Other receivables		179		137
	$	12,168	$	11,711

The Corporation’s exposure to credit and currency risks, and impairment losses related to trade and other receivables is disclosed in note 24.

7 . Inventories

	2014	2013
Raw materials and sub-assembly components	**$ 14,358**	$ 11,609
Work in process	**146**	418
Finished goods	**2,190**	2,152
	$ 16,694	**$ 14,179**

In 2014, raw materials, sub-assembly components and changes in work in process and finished goods recognized as cost of sales amounted to $51,891,000 (2013-$48,200,000). In 2014, the write-down of inventories to net realizable value amounts to $115,000 (2013-$158,000) and the reversal of write-downs amounts to $16,000 (2013-$114,000). The write-down and reversal are included in cost of sales.

As at December 31, 2014 and 2013, all of the above inventory was pledged as security for liabilities.

8 . Fixed assets

	Cost					
	Balance at January 1	**Additions [(1)]**	**Disposals**	**Write-offs**	**Effect of movements in exchange rates**	**Balance at December 31**
2013						
Land	$ 4,134	$ -	$ -	$ -	$ -	$ 4,134
Building	6,165	124	-	-	-	6,289
Machinery and equipment	3,942	644	(84)	-	20	4,522
Office furniture	413	26	(89)	-	2	352
Rolling stock	694	194	(58)	-	4	834
Computer hardware	490	104	(121)	-	4	477
Leasehold improvements	212	253	-	(107)	17	375
	$ 16,050	**$ 1,345**	**$ (352)**	**$ (107)**	**$ 47**	**$ 16,983**
2014						
Land	**$ 4,134**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 4,134**
Building	**6,289**	**20**	**-**	**-**	**-**	**6,309**
Machinery and equipment	**4,522**	**193**	**(8)**	**-**	**16**	**4,723**
Office furniture	**352**	**154**	**(64)**	**-**	**2**	**444**
Rolling stock	**834**	**344**	**(103)**	**-**	**4**	**1,079**
Computer hardware	**477**	**76**	**(15)**	**-**	**4**	**542**
Leasehold improvements	**375**	**5**	**-**	**-**	**15**	**395**
	$ 16,983	**$ 792**	**$ (190)**	**$ -**	**$ 41**	**$ 17,626**

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

[(1)] See note 22 (B) regarding non-cash transactions

8 . Fixed assets (continued)

	Depreciation					
	Balance at January 1	Depreciation expense	Disposals	Write-offs	Effect of movements in exchange rates	Balance at December 31
2014						
Building	**$ 417**	**$ 305**	**$ -**	**$ -**	**$ -**	**$ 722**
Machinery and equipment	**3,197**	**269**	**(4)**	**-**	**8**	**3,470**
Office furniture	**224**	**89**	**(54)**	**-**	**1**	**260**
Rolling stock	**392**	**193**	**(103)**	**-**	**3**	**485**
Computer hardware	**342**	**59**	**(15)**	**-**	**2**	**388**
Leasehold improvements	**109**	**67**	**-**	**-**	**3**	**179**
	$ 4,681	**$ 982**	**$ (176)**	**$ -**	**$ 17**	**$ 5,504**

	Carrying amount at December 31	
	2014	2013
Land	**$ 4,134**	$ 4,134
Building	**5,587**	5,872
Machinery and equipment	**1,253**	1,325
Office furniture	**184**	128
Rolling stock	**594**	442
Computer hardware	**154**	135
Leasehold improvements	**216**	266
	$ 12,122	**$ 12,302**

As at December 31, 2014, machinery and equipment, office furniture and computer hardware include assets under finance leases with a net value of $12,000 (2013-$13,000), $150,000 (2013-$66,000) and $35,000 (2013-$39,000), respectively.

Depreciation

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

9 . Intangible assets

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

[1] See note 22 (B) regarding non-cash transactions

9 . Intangible assets (continued)

	Cost					
	Balance at January 1	Additions [1]	Additions internally developed [1]	Additions through a business acquisition (note 4)	Write-offs	Balance at December 31
2014						
Trademarks	$ 300	$ -	$ -	$ 153	$ -	$ 453
Client lists	1,821	-	-	990	-	2,811
Distribution licences	322	-	-	-	-	322
Maintenance contracts	870	-	-	-	-	870
Technology	-	-	-	236	-	236
Software	667	110	-	-	-	777
Deferred development costs	1,171	-	280	-	-	1,451
	$ 5,151	$ 110	$ 280	$ 1,379	$ -	$ 6,920

	Amortization				
	Balance at January 1	Amortization expense	Write-offs	Balance at December 31	Carrying amount at December 31
2013					
Trademarks	$ 120	$ 60	$ -	$ 180	$ 120
Client lists	1,107	270	-	1,377	444
Distribution licences	166	65	-	231	91
Maintenance contracts	245	87	-	332	538
Leases at favourable rate	17	-	(17)	-	-
Software	528	52	(7)	573	94
Deferred development costs	548	231	-	779	392
	$ 2,731	$ 765	$ (24)	$ 3,472	$ 1,679
2014					
Trademarks	$ 180	$ 63	$ -	$ 243	$ 210
Client lists	1,377	308	-	1,685	1,126
Distribution licences	231	64	-	295	27
Maintenance contracts	332	87	-	419	451
Technology	-	13	-	13	223
Software	573	62	-	635	142
Deferred development costs	779	190	-	969	482
	$ 3,472	$ 787	$ -	$ 4,259	$ 2,661

[1] See note 22 (B) regarding non-cash transactions

As at December 31, 2014, sofware included assets under finance leases with a net value of $29,000 (2013-$32,000).

Amortization

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

10 . Goodwill

	Note	2014	2013
Balance at January 1		**4,051 $**	4,051 $
Business acquisition	*4*	**3,202**	-
Balance at December 31		**7,253 $**	**4,051 $**

Impairment testing for CGUs containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Corporation's CGUs or groups of CGUs that benefit from the synergies of the business combination.

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

	2014	2013
Accessibility	**$ 6,637**	$ 3,435
Adapted vehicles	**616**	616
	$ 7,253	**$ 4,051**

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

Values in use are determined by discounting the future cash flows generated from the CGUs. Values in use in 2014 have been determined similarly as in 2013. The calculation of the values in use are based on the following key assumptions:

· Cash flows are projected over a period of five years based on past experience and actual operating results using a constant growth rate of 2% (2013-same) for the CGUs grouped in Accessibility and nil for the CGUs grouped in Adapted vehicles (2013-same);

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

· A high and low pre-tax discount rate of 15% and 13.5% (2013-14% and 12.6%) is applied in determining the recoverable amount of the unit. The discount rate used is based on past experience and industry average weighted average cost of capital, which is based on a possible range of debt leveraging of 19% at a market interest rate of 3.5%;

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

11 . Bank loans

During the second quarter of 2014, the Corporation's line of credit, which was in the amount of $5,000,000, was increased to $7,500,000. It bears interest at prime plus 0.5%. The maximum amount drawn on the line of credit may not exceed 90% of certain trade receivables that benefit from a grant, 80% of all other Canadian trade receivables, 65% of US trade receivables and 50% of raw material and finished goods inventory, after deduction of supplier trade receivables of less than 30 days, up to an amount of $5,000,000. A description of sureties given on the various banking agreements provided by the financial institution is available in note 24 (E). The balance of the line of credit amounted to $2,000,000 as at December 31, 2014 (December 31, 2013-unused).

12 . Trade and other payables

	2014	2013
Trade and accrued liabilities	**$ 7,972**	$ 6,069
Salaries and withholding taxes	**1,155**	974
Vacations payable	**483**	348
Sales tax payable	**67**	22
	$ 9,677	**$ 7,413**

The Corporation's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 24.

13 . Long-term debt

This note provides information about the contractual terms of the Corporation's interest-bearing long-term debt, which is measured at amortized cost. More information about the Corporation's exposure to interest rate, foreign currency and liquidity risk is available in note 24.

	2014	2013
Current liabilities		
Current portion of long-term debt	**$ 2,766**	$ 2,816
Current portion of obligations under capital leases	**67**	48
	$ 2,833	**$ 2,864**
Non-current liabilities		
Long-term debt	**$ 12,387**	$ 12,657
Obligations under capital leases	**134**	74
	$ 12,521	**$ 12,731**

Summary of arrangements

	Effective interest rate as at December 2014	Monthly capital instalments (except where noted)	Maturity	2014	2013
Loan with an original face value of $9,600,000 bearing interest at the bankers' acceptance rate, adjusted to a fixed rate for five years of 2.08% according to an interest rate swap agreement. To this rate is added a stamping fee of 1.5 % [(1)].	3.58%	$53	April 2027	**$ 7,888**	$ 8,525
Loan with an original face value of $7,000,000 bearing interest at the bankers' acceptance rate, adjusted to a fixed rate for five years of 1.98% according to an interest rate swap agreement. To this rate is added a stamping fee of 1.5% [(1)].	3.48%	$83	April 2019	**4,317**	5,313
Loan with an original face value of $564,000 bearing interest at a fixed rate for 36 months [(1)].	4.11%	$9	July 2018	**389**	501
Note payable related to a business acquisition with an original face value of $2,200,000 and a fair value of $1,914,000, bearing no interest. Repayable by way of semi-annual instalments starting in March 2015.	6.50%	$275	September 2018	**$ 1,952**	$ -

[(1)] A description of sureties given on the various banking agreements provided by the Corporation's financial institution is available in note 24 (E).

13 . Long-term debt (continued)

Summary of arrangements (continued)

	Effective interest rate as at December 2014	Monthly capital instalments (except where noted)	Maturity	2014		2013	
Note payable related to a business acquisition with an original face value of $421,000 and a fair value of $395,000, bearing no interest.	6.50%	$421	August 2011 (note 29)	**$**	**421**	$	421
Note payable related to a business acquisition with an original face value of $2,378,000 and a fair value of $2,035,000, bearing no interest. Repayable by way of annual instalments.	6.50%	$600	February 2014		**-**		597
Loans in the total original amount of $372,000, at interest rates between 0% and 7.5%.	6.40% to 7.50%	$1 to $7 [(1)]	May 2015 to May 2019		**186**		116
Finance lease liabilities with original amounts totalling $307,000. At the end of the lease period, the Corporation has the option of purchasing the equipment at fair market value. Repayable by quarterly instalments.	3.90% to 12.80%	$2 to $16	September 2015 to March 2020		**201**		122
				$	**15,354**	**$**	**15,595**

[(1)] Monthly instalments, including interest

Finance lease liabilities are payable as follows:

	December 31, 2014						December 31, 2013					
	Future minimum lease payments		Interest		Present value of minimum lease payments		Future minimum lease payments		Interest		Present value of minimum lease payments	
Less than one year	**$**	**81**	**$**	**14**	**$**	**67**	$	60	$	12	$	48
Between one and five years		**149**		**15**		**134**		82		8		74
	$	**230**	**$**	**29**	**$**	**201**	**$**	**142**	**$**	**20**	**$**	**122**

14 . Warranty provisions

	2014		2013	
Balance at January 1	**$**	**1,000**	$	819
Provisions made during the year		**804**		968
Provisions used during the year		**(669)**		(787)
Balance at December 31	**$**	**1,135**	**$**	**1,000**
Current	**$**	**454**	$	402
Non-current		**681**		598
	$	**1,135**	**$**	**1,000**

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

15 . Capital and other components of equity

(A) Share capital and warrants

Shares authorized

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

Transactions during the year

During 2014, the Corporation issued 393,750 common shares (2013-507,500) at an average price of $1.22 per share (2013-$1.11) following the exercise of stock options. The weighted-average share price at the date of exercise for these share options was $3.50 (2013-$1.93). These exercises resulted in an increase in share capital of $611,000 (2013-$660,000) and a decrease in contributed surplus of $130,000 (2013-$98,000).

On April 15, 2014, the Corporation completed a “bought deal” private placement of 5,750,000 units at a price of $3.25 per unit, for gross proceeds to Savaria of $18,688,000 and proceeds, net of share issuance costs, of $17,546,000. Each unit is comprised of one common share and one-half of a common share warrant. Each full warrant entitles its holder to subscribe for one additional common share of Savaria at an exercise price of $4.25 until April 15, 2017. The number of warrants issued is 2,875,000 and no warrants have been exercised as at December 31, 2014.

The Corporation did not repurchase any common shares in 2014 while it repurchased 6,200 common shares in 2013 at an average price of $1.60 per share by way of a normal course issuer bid. The excess of the price paid over the book value of the repurchased shares has been recorded against retained earnings.

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

AOCI is comprised of the following separate components of equity:

Cumulative translation account

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

Unrealized gains/losses on cash flow hedges

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

(C) Dividends

The following dividends were declared and paid by the Corporation:

For the year ended December 31

	2014	2013
24 cents per qualifying common share (2013-14 cents)	**$ 6,345**	**$ 3,258**

16 . Revenue

	2014	2013
Sale of goods	**$ 76,823**	$ 70,145
Rendering of services	**5,866**	5,594
Royalties	**220**	-
	$ 82,909	**$ 75,739**

17 . Personnel expenses

		2014		2013
Wages and salaries	$	**21,402**	$	19,442
Employment benefits		**2,772**		2,443
Contributions to defined contribution plans		**99**		95
Compensation expense on share options granted		**93**		36
	$	**24,366**	**$**	**22,016**

18 . Other income (costs)

		2014		2013
Gain following the appeal of an assessment related to sales tax [(1)]	$	**-**	$	350
Others		**10**		(11)
	$	**10**	**$**	**339**

[(1)] The assessment in question covered a period prior to the acquisition of a company in 2005.

19 . Finance income and finance costs

		2014		2013
Interest income	$	**147**	$	16
Net gain on foreign currency exchange		**630**		330
Gain on the settlement of a debt		**-**		275
Finance income	**$**	**777**	**$**	**621**
Change in the fair value of restructured notes	$	**-**	$	172
Interest on long-term debt		**560**		612
Interest expense and bank charges		**190**		127
Finance costs	**$**	**750**	**$**	**911**

20 . Tax

		2014		2013
Current tax expense				
Current year	$	**2,503**	$	1,795
Deferred tax (benefit) expense				
Origination and reversal of temporary differences		**(102)**		125
Total income tax expense	**$**	**2,401**	**$**	**1,920**

Tax recognized in other comprehensive income

	2014						2013					
	Before tax		Tax benefit (expense)		Net of tax		Before tax		Tax benefit		Net of tax	
Change in the fair value of derivative financial instruments designated as cash flow hedges	**$**	**(4,724)**	**$**	**1,219**	**$**	**(3,505)**	$	(2,340)	$	589	$	(1,751)
Losses (gains) on foreign exchange contracts transferred to net income in the year		**1,500**		**(379)**		**1,121**		(19)		5		(14)
Unrealized net gains on translation of financial statements of foreign operations		**134**		**-**		**134**		145		-		145
	$	**(3,090)**	**$**	**840**	**$**	**(2,250)**	**$**	**(2,214)**	**$**	**594**	**$**	**(1,620)**

20 . Tax (continued)

Reconciliation of effective tax rate

	2014			2013		
Net income		$	6,391		$	5,299
Total tax expense			2,401			1,920
Income before tax expense		$	8,792		$	7,219
Tax using the Corporation's domestic tax rate	25.8%	$	2,265	25.2%	$	1,819
Change in accounting estimates	0.4%		39	0.1%		8
Reversal of unrecognized tax benefit related to capital losses on investment devaluation	-		-	0.5%		37
Effect of differences in tax rates in other jurisdictions	0.4%		37	-		-
Non-deductible compensation expense on share options granted	0.3%		24	0.1%		9
Other non-deductible expenses	0.3%		23	0.6%		45
Others	0.1%		13	0.1%		2
	27.3%	$	2,401	26.6%	$	1,920

Reconciliation of change in applicable tax rate

	2014	2013
Applicable tax rate for the previous year	25.2%	25.3%
Change in the applicable manufacturing and processing tax credit related to a change in the proportion of activities admissible for this credit	0.7%	-
Change in the applicable provincial tax rates related to the proportion of business carried on between different jurisdictions	(0.1)%	(0.1)%
Applicable tax rate for the current year	25.8%	25.2%

Unrecognized deferred tax assets

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

	2014		2013	
Non-capital losses carried forward	$	1,129	$	1,080
Capital losses carried forward	$	351	$	351

Non-capital tax losses in the amount to $1,129,000 at the US federal level and $720,000 at the US State level expire between 2014 and 2032. Capital tax losses in the amount of $351,000 at the Canadian federal and Québec level do not expire.

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

20 . Tax (continued)

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are recorded as follows:

	Assets		Liabilities		Net	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Losses carried forward	**$ 990**	$ 987	**$ -**	$ -	**$ 990**	$ 987
Deferred development costs	**108**	100	**(250)**	(80)	**(142)**	20
Non-deductible provisions (including warranty and inventory)	**518**	484	**-**	-	**518**	484
Fixed assets	**27**	32	**(55)**	(40)	**(28)**	(8)
Investment tax credits	**26**	54	**(137)**	(312)	**(111)**	(258)
Intangible assets	**77**	82	**(192)**	(251)	**(115)**	(169)
Foreign exchange contracts and interest rate agreements	**1,363**	573	**-**	-	**1,363**	573
Financing expenses	**246**	2	**(7)**	(5)	**239**	(3)
Others	**288**	186	**(114)**	(6)	**174**	180
Tax assets (liabilities)	**$ 3,643**	$ 2,500	**$ (755)**	$ (694)	**$ 2,888**	$ 1,806
Set-off of tax	**(486)**	(540)	**486**	540	**-**	-
Net tax assets (liabilities)	**$ 3,157**	**$ 1,960**	**$ (269)**	**$ (154)**	**$ 2,888**	**$ 1,806**

The parent company incurred losses in the current year and is in a net deferred tax asset position in the amount of $1,184,000 at year-end. The Corporation considers that it will most likely realize these deferred tax assets.

Movement in recognized deferred tax assets and liabilities during the year

	Balance January 1, 2013	Recognized in net income	Recognized in other comprehensive income	Balance December 31, 2013
Losses carried forward	$ 1,114	$ (127)	$ -	$ 987
Deferred development costs	(3)	23	-	20
Non-deductible provisions (including warranty and inventory)	451	33	-	484
Fixed assets	73	(81)	-	(8)
Investment tax credits	(242)	(16)	-	(258)
Intangible assets	(266)	97	-	(169)
Foreign exchange contracts and interest rate agreements	78	(99)	594	573
Financing expenses	1	(4)	-	(3)
Others	131	49	-	180
	$ 1,337	**$ (125)**	**$ 594**	**$ 1,806**

	Balance January 1, 2014	Recognized in net income	Increase related to a business acquisition (note 4)	Increase related to issuance costs related to a private placement	Recognized in other comprehensive income	Balance December 31, 2014
Losses carried forward	**$ 987**	**$ 3**	**$ -**	**$ -**	**$ -**	**$ 990**
Deferred development costs	**20**	**(162)**	**-**	**-**	**-**	**(142)**
Non-deductible provisions (including warranty and inventory)	**484**	**34**	**-**	**-**	**-**	**518**
Fixed assets	**(8)**	**(20)**	**-**	**-**	**-**	**(28)**
Investment tax credits	**(258)**	**147**	**-**	**-**	**-**	**(111)**
Intangible assets	**(169)**	**145**	**(91)**	**-**	**-**	**(115)**
Foreign exchange contracts and interest rate agreements	**573**	**(50)**	**-**	**-**	**840**	**1,363**
Financing expenses	**(3)**	**(65)**	**-**	**307**	**-**	**239**
Others	**180**	**70**	**(76)**	**-**	**-**	**174**
	$ 1,806	**$ 102**	**$ (167)**	**$ 307**	**$ 840**	**$ 2,888**

21 . Earnings per share

The following table presents a reconciliation of basic and diluted earnings per share:

	2014	2013
Net income	**$ 6,391**	$ 5,299
Basic earnings per share:		
Basic weighted average number of common shares outstanding	**27,800,969**	23,140,939
Basic earnings per share	**$ 0.23**	**$ 0.23**
Diluted earnings per share:		
Basic weighted average number of common shares outstanding	**27,800,969**	23,140,939
Effect of potentially dilutive common shares	**269,084**	303,329
Diluted weighted average number of common shares outstanding	**28,070,053**	23,444,268
Diluted earnings per share	**$ 0.23**	**$ 0.23**

At December 31, 2014, 3,165,000 options and warrants (2013-nil) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

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

22 . Cash flows

(A) Net changes in non-cash operating items

	2014	2013
Trade and other receivables	**$ (532)**	$ (163)
Tax credits receivable	**(290)**	(341)
Inventories	**(2,581)**	(1,446)
Prepaid expenses	**(98)**	1
Trade and other payables	**2,264**	(105)
Deferred revenues	**461**	(478)
Warranty provision	**135**	181
	$ (641)	**$ (2,351)**

(B) Non-cash transactions

In 2014, the following non-cash transactions took place: conversion of an account receivable to a long-term loan in the amount of $75,000 (2013-$44,000), tax credits receivable applied against income tax payable in the amount of $529,000 (2013-$914,000) and $95,000 (2013-$116,000) against deferred development costs, transfer of inventory to fixed assets in the amount of $66,000 (2013-$67,000), additions to fixed assets by way of capital leases in the amount of $152,000 (2013-$64,000), reversal of a balance owed on a long-term debt against fixed assets at the end of the term of a capital-lease in the amount of $10,000 (2013-nil) and transfer to intangible assets of a deposit in the amount of $29,000 (2013-nil). Furthermore, the following non-cash transactions add themselves to those listed above for 2013: long-term investment applied against long-term debt in the amount of $1,543,000, additions to intangible assets by way of capital leases in the amount of $35,000 respectively and transfer to fixed assets of a deposit in the amount of $125,000.

23 . Share-based payments

The Corporation has set up a stock option plan for its directors, members of management, employees and consultants, under which the Board of Directors may grant options to purchase common shares of the Corporation at an exercise price established by the Board. The exercise price is the closing price of the day preceding the option grant date. Options generally vest between one and five years from the date of grant and must be exercised within a maximum of six years, except in the event of retirement, termination of employment or death. Exercised options are settled in shares. At December 31, 2014, 356,000 options could still be granted by the Corporation (December 31, 2013-916,000).

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

Year ended December 31	Number of options granted	Risk-free interest rate [1]	Expected dividend yield [1]	Expected volatility [1]	Expected term
2014	**560,000**	**1.73%**	**5.48%**	**40%**	**3 and 6 years**
2013	300,000	1.60%	10.40%	37%	3 and 6 years

[1] Weighted average

The estimated fair value of the options granted in 2014 is $401,000 (2013-$49,000). This amount is amortized and charged to earnings as the rights to exercise are vested.

The compensation expense in the amount of $93,000 (2013-$36,000) on options granted to employees and directors has been recognized in administrative expenses and credited to contributed surplus.

	2014		2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at January 1	**856,250**	**$ 1.39**	1,063,750	$ 1.19
Granted	**560,000**	**3.55**	300,000	1.63
Exercised	**(393,750)**	**1.22**	(507,500)	1.10
Outstanding at December 31	**1,022,500**	**$ 2.64**	**856,250**	**$ 1.39**
Exercisable at December 31	**316,667**	**$ 1.89**	**572,916**	**$ 1.29**

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

2014					
Options outstanding				Options exercisable	
Exercise price range	Number of options	Weighted average remaining contractual life	Weighted average exercise price	Number of options	Weighted average exercise price
$0.90	**50,000**	**0.4 years**	**$0.90**	**50,000**	**$0.90**
$1.50 to $1.90	**412,500**	**2.6 years**	**$1.62**	**191,667**	**$1.54**
$3.45 to $3.65	**560,000**	**4.9 years**	**$3.55**	**75,000**	**$3.45**
$0.90 to $3.65	**1,022,500**	**3.8 years**	**$2.64**	**316,667**	**$1.89**

23 . Share-based payments (continued)

2013					
Options outstanding				Options exercisable	
Exercise price range	Number of options	Weighted average remaining contractual life	Weighted average exercise price	Number of options	Weighted average exercise price
$0.90 to $0.95	250,000	0.8 years	$0.94	233,333	$0.94
$1.17 to $1.41	56,250	0.2 years	$1.20	56,250	$1.20
$1.50 to $1.90	550,000	3.0 years	$1.62	283,333	$1.58
$0.90 to $1.90	**856,250**	**2.1 years**	**$1.39**	**572,916**	**$1.29**

24 . Financial instruments

The following table indicates the presentation of the derivative financial instruments on the statement of financial position.

	2014	2013
Current liabilities		
Derivative foreign exchange instruments	**2,213 $**	1,002 $
Derivative interest rate instruments	**82**	111
	2,295 $	**1,113 $**
Non-current liabilities		
Derivative foreign exchange instruments	**2,925 $**	1,098 $
Derivative interest rate instruments	**66**	48
	2,991 $	**1,146 $**

(A) Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

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

Risk management framework

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

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

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

24 . Financial instruments (continued)

(B) Credit risk

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

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

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

Exposure to credit risk

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

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

	2014	2013
Canada	**$ 4,284**	$ 4,522
United States	**6,323**	6,062
Other regions	**832**	1,213
	$ 11,439	**$ 11,797**

Impairment loss

The aging of trade receivables at the reporting date is:

	2014		2013	
	Gross	Allowance	Gross	Allowance
Current, 0-60 days	**$ 8,092**	**$ -**	$ 8,146	$ -
Past due, 61-90 days	**1,305**	**56**	1,334	60
Past due, over 90 days	**1,700**	**501**	1,991	612
	$ 11,097	**$ 557**	**$ 11,471**	**$ 672**

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

	2014	2013
Balance at January 1	**$ 672**	$ 700
Increase in the allowance for doubtful accounts	**115**	26
Write-off of receivables:		
Accessibility segment	**(230)**	(22)
Adapted vehicles segment	**-**	(32)
Balance at December 31	**$ 557**	**$ 672**

(C) Liquidity risk

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

As at December 31, 2014, the Corporation had, at its disposal, working capital of $27,638,000 (December 31, 2013-$14,749,000) and unused credit facilities of $5,500,000 (December 31, 2013-$5,000,000).

24 . Financial instruments (continued)

(C) Liquidity risk (continued)

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

	2014					
	Carrying amount	**Contractual cash flows**	**1 year**	**2 to 3 years**	**4 to 5 years**	**Over 5 years**
Non-derivative financial liabilities						
Trade and other payables	**$ 9,610**	**$ 9,610**	**$ 9,610**	**$ -**	**$ -**	**$ -**
Long-term debt, including current portion	**15,354**	**17,333**	**3,204**	**5,299**	**3,620**	**5,210**
	$ 24,964	**$ 26,943**	**$ 12,814**	**$ 5,299**	**$ 3,620**	**$ 5,210**
Derivative financial liabilities						
Foreign exchange forward contracts						
Outflow	**$ 5,138**	**$ 63,617**	**$ 20,964**	**$ 42,653**	**$ -**	**$ -**
Inflow	**-**	**(58,388)**	**(18,733)**	**(39,655)**	**-**	**-**
Interest rate swap agreements	**148**	**149**	**82**	**67**	**-**	**-**
	$ 5,286	**$ 5,378**	**$ 2,313**	**$ 3,065**	**$ -**	**$ -**

	2013					
	Carrying amount	**Contractual cash flows**	**1 year**	**2 to 3 years**	**4 to 5 years**	**Over 5 years**
Non-derivative financial liabilities						
Trade and other payables	$ 7,391	$ 7,391	$ 7,391	$ -	$ -	$ -
Long-term debt, including current portion	15,595	17,689	3,266	4,237	3,870	6,316
	$ 22,986	**$ 25,080**	**$ 10,657**	**$ 4,237**	**$ 3,870**	**$ 6,316**
Derivative financial liabilities						
Foreign exchange forward contracts						
Outflow	$ 2,100	$ 57,077	$ 19,236	$ 37,841	$ -	$ -
Inflow	-	(54,850)	(18,180)	(36,670)	-	-
Interest rate swap agreements	159	169	112	71	(14)	-
	$ 2,259	**$ 2,396**	**$ 1,168**	**$ 1,242**	**$ (14)**	**$ -**

(D) Market risk

(i) Currency risk

The Corporation realizes approximately 61% (2013-58%) 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 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 foreign currency fluctuations in the value of the Canadian dollar and to avoid management speculation on currency values. The Corporation manages this risk exposure by entering into various foreign exchange forward contracts. Pursuant to the policy, a maximum of 75% of anticipated net inflows in US dollars can be hedged.

The Corporation has at its disposal a line of treasury in the amount of $6,410,000 in order to cover the risk of potential losses on forward foreign exchange contracts on a maximum period of 36 months, with a transfer threshold of $4,800,000 (note 5).

24 . Financial instruments (continued)

(D) Market risk (continued)

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

2014			
Maturity	**Type**	**Average exchange rate**	**Contractual amounts (in thousands of US dollars)**
0 to 12 months	Sale	1.0407	$18,000
12 to 24 months	Sale	1.0560	17,500
24 to 36 months	Sale	1.1145	19,000
		1.0713	**$54,500**

2013			
Maturity	**Type**	**Average exchange rate**	**Contractual amounts (in thousands of US dollars)**
0 to 12 months	Sale	1.0100	$18,000
12 to 24 months	Sale	1.0407	18,000
24 to 36 months	Sale	1.0551	17,000
		1.0349	**$53,000**

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.

No ineffectiveness has been recorded in net income in relation to cash flow hedges since the sources of the ineffectiveness are non-significant. As at December 2014, the change in value of the hedging instruments in the amount of $4,735,000, used for calculating the ineffective portion of the hedging relationship used to cover foreign exchange risks, were identical to the change in value of the coverred items used.

The fair value of the derivative financial instruments which are presented as "Accumulated other comprehensive loss", before income taxes of $1,315,000 (December 31, 2013-$473,000), is as follows as at December 31:

	2014	**2013**
Unrealized losses on forward exchange contracts maturing in the next twelve months	**$ (2,213)**	$ (1,002)
Gains on forward exchange contracts cashed in advance that will be recognized in the next twelve months	**31**	198
	$ (2,182)	$ (804)
Unrealized losses on forward exchange contracts maturing after the next twelve months	**$ (2,925)**	$ (1,098)
Gains on forward exchange contracts cashed in advance that will be recognized after the next twelve months	**-**	31
	$ (2,925)	$ (1,067)
	$ (5,107)	**$ (1,871)**

As at December 31, 2014 and 2013, with other variables unchanged, an upward change of $0.01 in the value of the Canadian dollar against the US dollar would have the effect of increasing "Other comprehensive loss" by the amount of $496,000 net of income taxes (2013-$415,000). A downward change of $0.01 in the value of the Canadian dollar against the US dollar would have the effect of decreasing "Other comprehensive loss" by the amount of $504,000 net of income taxes (2013-$422,000).

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.

24 . Financial instruments (continued)

(D) Market risk (continued)

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

(in thousands of US dollars)

	2014	2013
Cash	**$ 1,604**	$ 1,208
Trade and other receivables	**5,793**	6,171
Long-term loans, including current portion	**100**	118
Trade and other payables	**(1,348)**	(938)
Total monetary items denominated in US dollars	**$ 6,149**	**$ 6,559**

As at December 31, 2014 and 2013, with other variables unchanged, an upward or downward change of $0.01 in the value of the Canadian dollar against the US dollar would have the effect of decreasing or increasing "Finance income (costs)" in the amount of $61,000 (December 31, 2013-$66,000), or net of taxes, $45,000 (December 31, 2013-$49,000).

(ii) Interest rate risk

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

The Corporation reviews on a regular basis its exposure to interest rate risks and examines the renewal and refinancing options that are available to it in order to minimize this risk. It has at its disposal a line of treasury up to a maximum amount of $610,000 to cover any potential loss in converting its variable interest rate long-term debt in the amount of $9,600,000 and $7,000,000 to a fixed rate. It has entered into interest rate swap agreements in order to minimize its risk to a variation in interest rates on these borrowings.

Maturity	Fixed interest rate	Original capital amount	Balance	
			2014	2013
April 2017	1.98%	$7,000	$4,317	$5,313
April 2017	2.08%	$9,600	$7,888	$8,525

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

These instruments were designated as hedging for accounting purposes. The fair value of the financial instruments which are presented as "Accumulated other comprehensive loss", before income taxes of $40,000 (December 31, 2013-$43,000), is as follows as at December 31:

	2014	2013
Unrealized losses on interest rate swap agreements applicable to the current portion of long-term debt	**$ (82)**	$ (111)
Unrealized losses on interest rate swap agreements applicable to the non-current portion of long-term debt	**(66)**	(48)
	$ (148)	**$ (159)**

24 . **Financial instruments (continued)**

(D) Market risk (continued)

No ineffectiveness has been recorded in net income in relation to cash flow hedges since the sources of the ineffectiveness are non-significant. As at December 2014, the change in value of the hedging instruments in the amount of $11,000, used for calculating the ineffective portion of the hedging relationship used to cover interest rate risks, were identical to the change in value of the coverred items used.

The only variable rate monetary item that could have an effect on net income following a variation in interest rates is the bank loan in the amount of $2,000,000 (2013-nil).

As at December 31, 2014 and 2013, with other variables unchanged, an upward change of 100 basis points in the prime rate would only have a negligeable impact on net income and would result in an increase of "Other comprehensive loss" in the amount of $58,000 (2013-$264,000) net of income taxes. A downward change of 100 basis points in the prime rate would only have a negligeable impact on net income and would result in a decrease of "Other comprehensive loss" in the amount of $174,000 (2013-$265,000) net of income taxes.

(iii) Price risk

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

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

Fair values versus carrying amounts

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

	2014				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Assets carried at amortized cost					
Cash	$ 16,280				
Trade and other receivables	10,719				
Long-term loans	163	$ -	$ -	$ 157	$ 157
	$ 27,162				
Liabilities carried at fair value					
Foreign exchange forward contracts	$ (5,138)	-	(5,138)	-	(5,138)
Interest rate swap agreements	(148)	-	(148)	-	(148)
	$ (5,286)				
Liabilities carried at amortized cost					
Trade and other payables	$ (9,610)				
Long-term debt	(15,354)	-	-	(15,344)	(15,344)
	$ (24,964)				

24 . **Financial instruments (continued)**

(D) Market risk (continued)

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

The basis for determining fair value is disclosed in note 26.

(E) Capital management

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

	2014	2013
Cash	**$ (16,280)**	$ (1,968)
Long-term debt, including current portion	**15,354**	15,595
	$ (926)	$ 13,627
Equity	**36,456**	20,233
Total capital structure	**$ 35,530**	**$ 33,860**

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

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

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

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

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

24 . Financial instruments (continued)

(E) Capital management (continued)

From time to time, the Corporation purchases its own shares on the market; the timing of these purchases depends on market prices. There were no changes in the Corporation's approach to capital management during the year. Neither the Corporation, nor any of its subsidiaries, are subject to externally imposed capital requirements.

25 . Commitments

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2014	2013
Less than 1 year	**$ 1,011**	$ 987
Between 1 and 5 years	**1,092**	1,645
More than 5 years	**-**	58
	$ 2,103	**$ 2,690**

The Corporation concluded lease agreements for the rental of its premises and entered into operating leases for rolling stock and equipment. The building leases run for remaining periods between 14 and 60 months, with most leases having an option to renew after that date.

During the year ended December 31, 2014, an amount of $428,000 (2013-$344,000) was recognized in cost of sales and an amount of $448,000 was recognized in operating costs in respect of operating leases (2013-$474,000).

26 . Determination of fair values

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

(A) Fixed assets

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

(B) Intangible assets

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

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

(C) Inventories

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

26 . Determination of fair values

(D) Assets at amortized cost

Assets at amortized cost are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(E) Derivatives

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

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

(F) Financial liabilities at amortized cost

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

(G) Share-based payment transactions

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

27 . Government assistance

During 2014, the Corporation recorded scientific research and experimental development tax credits of $266,000 (2013-$341,000). An overall amount of $142,000 has not yet been assessed by the tax authorities.

The Corporation also recorded $149,000 (2013-$161,000) in apprenticeship tax credits which have not yet been assessed by the tax authorities.

These credits were accounted for as follows:

	2014	2013
Decrease in deferred development costs	**$ 56**	$ 116
Decrease in cost of sales	**167**	167
Decrease in administrative expenses	**51**	3
Decrease in research and development expenses	**141**	216
	$ 415	**$ 502**

28 . Operating segments

Information about the operating segments

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

28 . Operating segments (continued)

	2014			
	Accessibility	Adapted vehicles	Head-office	Total
External revenues	$ 69,637	$ 13,272	$ -	$ 82,909
Income (loss) before income tax	$ 8,809	$ 1,340	$ (1,357)	$ 8,792
Segments' assets	$ 39,709	$ 6,924	$ 24,787	$ 71,420
Segments' liabilities	$ 18,635	$ 1,236	$ 15,093	$ 34,964
Capital expenditures	$ 5,417	$ 193	$ -	$ 5,610

	2013			
	Accessibility	Adapted vehicles	Head-office	Total
External revenues	$ 62,203	$ 13,536	$ -	$ 75,739
Income (loss) before income tax	$ 6,975	$ 1,473	$ (1,229)	$ 7,219
Segments' assets	$ 32,011	$ 6,268	$ 10,734	$ 49,013
Segments' liabilities	$ 9,436	$ 1,007	$ 18,337	$ 28,780
Capital expenditures	$ 1,242	$ 234	$ -	$ 1,476

Geographical information

	Revenue		Non-current assets	
	2014	2013	2014	2013
Canada	$ 31,732	$ 29,333	$ 24,811	$ 19,682
United States	43,248	38,590	13	12
Other regions	7,929	7,816	456	419
	$ 82,909	$ 75,739	$ 25,280	$ 20,113

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

29 . Contingencies

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

The Corporation has received a claim with respect to the non-payment of the note payable already accounted for in the amount of $420,817 related to the acquisition of Freedom in 2010 as well as an amount of $762,000 related to the employment contract with the former owner of this company. The Corporation has instituted a counter-claim with respect to this same transaction. The outcome of these claims cannot be determined at this time.

30 . Related parties

Transactions with key management personnel

(A) Key management personnel compensation

		2014		2013
Short-term employee benefits	$	**835**	$	825
Share-based payments		**214**		139
	$	**1,049**	**$**	**964**

(B) Key management personnel and director transactions

Directors of the Corporation control 50.2% (2013-60.2%) of the voting shares of the Corporation.

The Corporation recorded an amount of $52,000 (2013-$50,000) for accounting and tax services rendered by an entity whose officer is a director and chief financial officer of the Corporation. Of this amount, $5,000 (2013-$19,000) is recorded as Trade and other payables on the consolidated statement of financial position as at December 31, 2014.

The Corporation signed a lease with a company belonging to a director and president and chief executive officer of the Corporation. According to the terms of the lease, an amount of $25,000 (2013-$4,000) was paid to that company in 2014. The lease expires in October 2016 and the total remaining commitment is in the amount of $46,000 (2013-$71,000).

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

31 . Subsequent events

On February 9, 2015, the Board of Directors of the Corporation declared a dividend of 4 cents ($0.04) per common share payable on March 4, 2015 to shareholders of record of the Corporation at the close of business on February 18, 2015.

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