SAVARIA CORPORATION

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT MARCH 31, 2007

(Unaudited)

SAVARIA CORPORATION
CONSOLIDATED EARNINGS AND COMPREHENSIVE INCOME (Unaudited)
PERIOD OF THREE MONTHS ENDED MARCH 31

	2007	2006
SALES	**$ 14,445,569**	$ 15,663,296
OPERATING EXPENSES		
Cost of goods sold	**10,773,090**	11,683,613
Selling and administrative expenses	**2,677,332**	2,950,662
Amortization of fixed assets	**128,902**	147,245
Amortization of deferred charges	**71,100**	41,507
Amortization of intangible assets	**35,814**	87,611
Write-off of intangible assets	**10,004**	-
	13,696,242	14,910,638
OPERATING EARNINGS	**749,327**	752,658
OTHER REVENUES AND CHARGES (note 4)	**(81,384)**	43,172
EARNINGS before income taxes	**667,943**	795,830
INCOME TAXES	**(29,143)**	(252,239)
NET EARNINGS	**$ 638,800**	$ 543,591
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAXES:		
Unrealized gains on foreign exchange contracts designated as cash flow hedges	**53,074**	**-**
Unrealized losses on foreign exchange contracts designated as cash flow hedges in prior periods transferred to net income in the current period	**81,776**	**-**
OTHER COMPREHENSIVE INCOME	**134,850**	**-**
COMPREHENSIVE INCOME	**$ 773,650**	**$ 543,591**
Net earnings per common share:		
Basic	**$ 0.022**	$ 0.018
Diluted	**$ 0.022**	$ 0.018
Average number of common shares outstanding (note 5)		
Issued	**28,702,864**	29,739,001
Diluted	**28,773,181**	29,961,710

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

	2007	2006
BALANCE beginning of period	**$ 8,793,905**	$ 8,300,945
NET EARNINGS	**638,800**	543,591
	9,432,705	8,844,536
Excess of purchase price over average stated capital of shares purchased for cancellation	**(431,443)**	(82,750)
DIVIDENDS on common shares	**(2,357,404)**	-
	(2,357,404)	-
BALANCE end of period	**$ 6,643,858**	$ 8,761,786

SAVARIA CORPORATION
CONSOLIDATED BALANCE SHEETS

	As at March 31 (Unaudited) 2007	As at December 31 2006
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 6,279,572**	$ 5,958,518
Temporary investments	**998,277**	988,586
Accounts receivable	**9,052,943**	10,393,264
Inventories	**9,926,888**	9,674,333
Prepaid expenses	**903,585**	447,652
Foreign exchange forward contracts	**71,857**	-
Income taxes receivable	**373,336**	320,968
Short term loan to a related party	**250,000**	-
Current portion of long-term loans	**151,153**	160,825
Future income taxes	**1,570,921**	1,642,953
	29,578,532	29,587,099
FIXED ASSETS	**4,952,347**	5,061,349
DEFERRED DEVELOPMENT COSTS	**635,857**	511,801
INTANGIBLE ASSETS	**1,312,305**	1,358,123
GOODWILL	**506,230**	506,230
LONG-TERM LOANS	**213,601**	247,547
FUTURE INCOME TAXES	**2,990,748**	2,988,545
	$ 40,189,620	$ 40,260,694
LIABILITIES		
CURRENT LIABILITIES		
Bank loans	**$ 460,000**	$ 650,000
Accounts payable	**6,813,395**	7,189,372
Dividends payable	**2,357,404**	-
Warranty provision	**264,061**	280,607
Current portion of long-term debt	**772,128**	770,382
	10,666,988	8,890,361
LONG-TERM DEBT	**4,417,657**	4,495,170
WARRANTY PROVISION	**541,486**	538,647
	15,626,131	13,924,178
SHAREHOLDERS' EQUITY		
Capital stock (note 5)	**16,549,456**	16,244,789
Contributed suplus	**1,322,153**	1,297,822
Retained earnings	**6,643,858**	8,793,905
Accumulated other comprehensive income (note 6)	**48,022**	-
	24,563,489	26,336,516
	$ 40,189,620	$ 40,260,694

ON BEHALF OF THE BOARD OF DIRECTORS

______________________________, Director
Marcel Bourassa

______________________________, Director
Jean-Marie Bourassa C.A.

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

	2007	2006
OPERATING ACTIVITIES		
Net earnings	**$ 638,800**	$ 543,591
Adjustments for:		
Amortization of fixed assets	**128,902**	147,245
Amortization of deferred development costs	**71,100**	41,507
Amortization of intangible assets	**35,814**	87,611
Write-off of intangible assets	**10,004**	-
Future income taxes	**45,994**	(46,759)
Remuneration expense on options granted	**24,331**	72,120
Warranty expense	**(13,707)**	57,007
Loss on disposal of fixed assets	**4,297**	3,506
Others	**3,362**	(5,627)
	948,897	900,201
Net changes in non-cash working capital items (note 3)	**203,488**	(36,328)
Cash flows from (used in) operating activities	**1,152,385**	863,873
INVESTING ACTIVITIES		
Changes in temporary investments	**(9,691)**	3,940,360
Proceeds from disposal of fixed assets	**500**	-
Additions to fixed assets	**(24,697)**	(72,335)
Deferred development costs	**(195,156)**	(104,925)
Deffered start-up costs	**-**	(33,122)
Increase of long-term loans	**-**	(113,900)
Proceeds from long-term loans	**40,256**	-
Cash flows from (used in) investing activities	**(188,788)**	3,616,078
FINANCING ACTIVITIES		
Decrease in bank loans	**(190,000)**	-
Repayment of long-term debt	**(75,767)**	(51,531)
Shares repurchased for cancellation	**(601,776)**	(123,604)
Issuance of shares	**225,000**	-
Cash flows from (used in) financing activities	**(642,543)**	(175,135)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**321,054**	4,304,816
CASH AND CASH EQUIVALENTS beginning of period	**5,958,518**	4,543,199
CASH AND CASH EQUIVALENTS end of period	**$ 6,279,572**	$ 8,848,015

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

1 . CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The unaudited consolidated interim financial statements were prepared by the Corporation in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") applicable to interim financial statements and follow the same accounting policies and methods of their application as the most recent annual financial statements, except for the new accounting policies mentioned below in note 2. In the opinion of Management, all adjustments necessary for a fair presentation are reflected in the interim financial statements. Such adjustments are of a normal and recurring nature. The unaudited consolidated interim financial statements should be read in conjunction with the audited annual consolidated financial statements and notes thereto for the year ended December 31, 2006.

2 . CHANGES IN ACCOUNTING POLICIES

A) 2007

On January 1, 2007, the Corporation adopted the following recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook:

Section 3855: Financial Instruments – Recognition and Measurement

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

This Section requires that:

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

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

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

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

Section 1530: Comprehensive Income

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

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

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

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

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

Section 3865: Hedges

This Section requires that:

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

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

Section 1506: Accounting Changes

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

B) Future Accounting Changes

In December 2006, the CICA issued three accounting standards: Section 1533, Capital Disclosures, Section 3862, Financial Instruments - Disclosures and Section 3863, Financial Instruments - Presentation. These new standards will be effective for the Corporation on January 1, 2008.

2 . CHANGES IN ACCOUNTING POLICIES (Cont'd)

Section 1535: Capital Disclosures

This new standard established disclosure requirements concerning capital such as: qualitative information about its objectives, policies and processes for managing capital; quantitative data about what it regards as capital; whether it has complied with any externally imposed capital requirements and, if not, the consequences of such non-compliance. The Corporation is presently evaluating the impact of this new standard.

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

These new standards replace Section 3861, Financial Instruments - Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. The Corporation is presently evaluating the impact of these new standards.

3 . NET CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	Three months ended March 31	
	2007	2006
Accounts receivable	**$ 1,340,321**	$ 657,013
Inventories	**(252,555)**	127,008
Prepaid expenses	**(455,933)**	(366,430)
Income taxes receivable	**(52,368)**	38,666
Accounts payable	**(375,977)**	(492,585)
	$ 203,488	$ (36,328)

The Corporation issued 475,000 common shares following the exercise of stock options; in consideration, a short-term loan in the amount of $250,000 has been issued, generating a net cash flow of $225,000.

A dividend of $2,4 million payable to common shareholder’s was declared in the first quarter and paid out on April 5, 2007. Therefore, cash flows were not affected by the dividend during the quarter ended March 31 2007.

4 . OTHER REVENUES AND CHARGES

	Three months ended March 31	
	2007	2006
Interest and dividend income	**$ 81,022**	$ 83,090
Gain (Loss) on foreign currency exchange	**(50,751)**	30,657
Interest on long-term debt	**(69,584)**	(101,023)
Interest expense and bank charges	**(47,899)**	(16,046)
Loss on disposal of fixed assets	**(4,297)**	(3,506)
Other revenues	**10,125**	50,000
	$ (81,384)	$ 43,172

5 . CAPITAL STOCK

A) Authorized:

Unlimited number of common shares with voting rights, participating and without par value

Unlimited number of first preferred shares without par value and issuable in series

Unlimited number of second preferred shares without par value and issuable in series

	Common shares	
	Number	**Amount**
Balance as at December 31, 2006	**28,598,414**	**$ 16,244,789**
Exercise of stock options	**475,000**	**475,000**
Cancelled following issuer bid	**(298,700)**	**(170,333)**
Balance as at March 31, 2007	**28,774,714**	**$ 16,549,456**

5 . CAPITAL STOCK (Con'd)

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

	Three months ended March 31	
	2007	2006
Weighted average number of shares outstanding for use in determining basic earnings per share	**28,702,864**	29,739,001
Effect of potential dilutive securities		
Stock options	**70,317**	222,709
Weighted average number of shares outstanding for use in determining diluted earnings per share	**28,773,181**	29,961,710

6 . ACCUMULATED OTHER COMPREHENSIVE INCOME

	Three months ended March 31
	2007
Unrealized losses on foreign exchange contracts at the date of adoption of chapter 3865, Hedges, net of income taxes in the amount of $43,095	**$ (86,828)**
Changes in other comprehensive income in the current period	**134,850**
Unrealized gains on foreign exchange contracts designated as cash flow hedges, net of income taxes of $23,835	**$ 48,022**

7 . SEGMENTED INFORMATION

The Corporation's business structure is divided into two sectors: the first consists of manufacturing and distributing accessibility equipment for people with mobility challenges (elevators), and the second consists of converting and adapting vehicles for the physically handicapped (vehicles).

The business sectors are detailed as follows:

	Three months ended March 31		
	Elevators	**Vehicles**	**Total**
Sales	$ 11,995,631	$ 2,449,938	**$ 14,445,569**
Operating Earnings	786,430	(37,103)	**749,327**
Net earnings	674,132	(35,332)	**638,800**
Assets	37,374,129	2,815,491	**40,189,620**
Amortization	217,489	18,327	**235,816**
Additions to fixed assets	24,697	-	**24,697**

8 . COMPARATIVE FIGURES

Certain figures have been reclassified to conform to the presentation adopted in 2007.