SAVARIA CORPORATION
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT MARCH 31, 2016
(Unaudited and not reviewed by the Corporation's independent auditors)

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

	Note	March 31, 2016	December 31, 2015
Assets			
Current assets			
Cash	4	$ 26,102	$ 29,707
Trade and other receivables		13,780	12,878
Current portion of long-term loans		-	14
Tax credits receivable		51	130
Inventories		18,962	18,111
Prepaid expenses		1,039	717
Total current assets		59,934	61,557
Non-current assets			
Derivative financial instruments	9	310	-
Long-term loans		35	37
Fixed assets		18,455	18,389
Intangible assets		2,580	2,689
Goodwill		7,485	7,485
Deposit on purchase of fixed assets		272	106
Deferred tax assets		3,851	5,422
Total non-current assets		32,988	34,128
Total assets		$ 92,922	$ 95,685
Liabilities			
Current liabilities			
Trade and other payables		$ 10,980	$ 11,140
Income taxes payable		95	1,440
Deferred revenues		2,574	2,680
Derivative financial instruments	9	3,969	5,812
Current portion of long-term debt		3,054	2,980
Warranty provisions		484	477
Total current liabilities		21,156	24,529
Non-current liabilities			
Long-term debt		13,475	14,272
Warranty provisions		728	720
Derivative financial instruments	9	3,356	6,723
Deferred tax liabilities		206	228
Total non-current liabilities		17,765	21,943
Total liabilities		38,921	46,472
Equity			
Share capital and warrants	5	48,023	47,878
Contributed surplus		2,318	2,265
Accumulated other comprehensive loss		(4,709)	(8,548)
Retained earnings		8,369	7,618
Total equity		54,001	49,213
Total liabilities and equity		$ 92,922	$ 95,685

The notes on pages 7 to 13 are an integral part of these unaudited condensed consolidated interim financial statements.

SAVARIA CORPORATION
CONSOLIDATED STATEMENTS OF NET INCOME
Periods of three months ended March 31, 2016 and 2015
(in thousands of dollars, except per share amounts - Unaudited)

	Note	2016	2015
Revenue	6	**$ 26,216**	$ 20,234
Cost of sales		**(17,749)**	(14,163)
Gross margin		**8,467**	6,071
Operating costs			
Administrative expenses		**(1,914)**	(1,820)
Selling expenses		**(2,085)**	(1,819)
Engineering expenses		**(648)**	(513)
Research and development expenses		**(199)**	(129)
		(4,846)	(4,281)
Other income		**108**	-
Operating income		**3,729**	1,790
Finance income	7	**65**	636
Finance costs	7	**(534)**	(189)
Net finance income (costs)		**(469)**	447
Income before income tax		**3,260**	2,237
Income tax expense		**(877)**	(662)
Net income		**$ 2,383**	$ 1,575
Earnings per share:			
Basic		**$ 0.07**	$ 0.05
Diluted		**$ 0.07**	$ 0.05

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SAVARIA CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Periods of three months ended March 31, 2016 and 2015
(in thousands of dollars - Unaudited)

	2016	2015
Net income	**$ 2,383**	$ 1,575
Other comprehensive income (loss)		
Items that may be reclassified subsequently to income or loss		
Change in the fair value of derivative financial instruments designated as cash flow hedges	**4,069**	(5,437)
Deferred income tax	**(1,046)**	1,401
	3,023	(4,036)
Losses on foreign exchange contracts transferred to net income in the current period	**1,452**	880
Deferred income tax	**(373)**	(227)
	1,079	653
Net change in fair value of derivative financial instruments designated as cash flow hedges	**4,102**	(3,383)
Unrealized net gains (losses) on translation of financial statements of foreign operations	**(263)**	295
Other comprehensive income (loss), net of income tax	**3,839**	(3,088)
Total comprehensive income (loss)	**$ 6,222**	$ (1,513)

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SAVARIA CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Period of three months ended March 31, 2015
(in thousands of dollars - Unaudited)

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

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SAVARIA CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Period of three months ended March 31, 2016
(in thousands of dollars - Unaudited)

	2016						
	Share capital and warrants						
	Number				Accumulated other		
	Share capital	Warrants	Amount	Contributed surplus	comprehensive loss	Retained earnings	Total equity
Balance at January 1, 2016	**32,579,614**	**2,875,000**	**$ 47,878**	**$ 2,265**	**$ (8,548)**	**$ 7,618**	**$ 49,213**
Total comprehensive income							
Net income	-	-	-	-	-	2,383	**2,383**
Other comprehensive income:							
Change in the fair value of derivative financial instruments designated as cash flow hedges, net of tax	-	-	-	-	3,023	-	**3,023**
Losses on foreign exchange contracts transferred to net income in the current period, net of tax	-	-	-	-	1,079	-	**1,079**
Unrealized net losses on translation of financial statements of foreign operations	-	-	-	-	(263)	-	**(263)**
Other comprehensive income	-	-	-	-	3,839	-	**3,839**
Total comprehensive income	-	-	$ -	$ -	$ 3,839	$ 2,383	**$ 6,222**
Transactions with owners, recorded directly in equity							
Compensation expense on options granted	-	-	-	66	-	-	**66**
Share options exercised (note 5)	87,500	-	145	(13)	-	-	**132**
Dividends on common shares	-	-	-	-	-	(1,632)	**(1,632)**
Total transactions with owners	87,500	-	145	53	-	(1,632)	**(1,434)**
Balance at March 31, 2016	**32,667,114**	**2,875,000**	**$ 48,023**	**$ 2,318**	**$ (4,709)**	**$ 8,369**	**$ 54,001**

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SAVARIA CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Periods of three months ended March 31, 2016 and 2015
(in thousands of dollars - Unaudited)

	Note	2016	2015
Cash flows from (used in) operating activities			
Net income		**$ 2,383**	$ 1,575
Adjustments for:			
Depreciation of fixed assets		**325**	250
Amortization of intangible assets		**168**	215
Income tax expense		**877**	662
Compensation expense on share options granted		**66**	33
Gains on foreign exchange contracts cashed in advance and transferred to net income		**-**	(19)
Unrealized foreign exchange losses (gains)		**212**	(342)
Interest cost	*7*	**196**	189
		4,227	2,563
Net changes in non-cash operating items	*8*	**(2,595)**	880
Proceeds from long-term loans		**16**	20
Income tax paid		**(1,980)**	(665)
Net cash from (used in) operating activities		**(332)**	2,798
Cash flows used in investing activities			
Proceeds from sale of fixed assets		**13**	4
Deposits on purchase of fixed assets		**(272)**	(101)
Additions to fixed assets		**(325)**	(168)
Increase in intangible assets		**(84)**	(215)
Net cash used in investing activities		**(668)**	(480)
Cash flows used in financing activities			
Repayment of borrowings		**(748)**	(750)
Interest paid		**(171)**	(155)
Proceeds from exercise of share options	*5*	**132**	164
Dividends paid on common shares		**(1,632)**	(1,182)
Net cash used in financing activities		**(2,419)**	(1,923)
Net change in cash		**(3,419)**	395
Cash at the beginning of the period		**29,707**	16,280
Foreign exchange gain (loss) on cash held in foreign currencies		**(186)**	229
Cash at the end of the period		**$ 26,102**	$ 16,904

The notes on pages 7 to 13 are an integral part of these unaudited condensed consolidated interim financial statements.

1 . Reporting entity

Savaria Corporation is a company domiciled in Canada. The address of its registered office is 4350 Chomedey Highway, Laval, Québec. The condensed consolidated interim financial statements of the Corporation as at and for the periods ended March 31, 2016 and 2015 comprise the accounts of Savaria Corporation and its wholly-owned subsidiaries (together referred to as the "Corporation" or as "Savaria"). Savaria is one of North America's leaders in the accessibility industry. It provides accessibilty solutions for the elderly and physically-challenged to increase their mobility and independance. The activities of the Corporation are divided into two operating segments: the *Accessibility* segment and the *Adapted Vehicles* segment as described in note 10 "Operating segments". The Corporation realizes more than 60% of its sales outside of Canada, mainly in the United States.

The consolidated financial statements of the Corporation as at and for the year ended December 31, 2015 are available upon request from the Corporation's registered office, at www.savaria.com or on SEDAR's website at www.sedar.com.

2 . Basis of presentation

Statement of compliance

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

These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Corporation and the notes thereto for the year ended on December 31, 2015. These condensed consolidated interim financial statements have not been the subject of a review or an audit by the Corporation's auditors; they were approved by the Board of Directors on May 5, 2016.

3 . Significant accounting policies

The condensed consolidated interim financial statements have been prepared following the same accounting policies used in the annual consolidated financial statements for the year ended December 31, 2015, except for the adoption of new accounting standards as outlined below.

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

New accounting standards adopted

The following new standards, and amendments to standards and interpretations have been applied in preparing the condensed consolidated interim financial statements as at March 31, 2016. The adoption of these new standards has not had a material impact on the financial statements.

Annual Improvements to IFRS: (2012-2014) cycle

In September 2014 the International Accounting Standards Board ("IASB") issued narrow-scope amendments to a total of four standards as part of its annual improvements process. Each of the amendments has its own specific transition requirements.

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

3 . Significant accounting policies (continued)

New accounting standards adopted (continued)

Annual Improvements to IFRS: (2012-2014) cycle **(continued)**

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 consolidated 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.*

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.

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”).

4 . Cash

	March 31, 2016	**December 31, 2015**
Bank balances	**$ 26,102**	$ 30,832
Bank loans used in cash management	**-**	(1,125)
Cash	**$ 26,102**	**$ 29,707**

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

As at March 31, 2016, an amount of $95,000 (December 31, 2015-$5,120,000) is reserved as surety to cover unrealized losses on foreign exchange forward contracts.

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

5 . Share capital

During the first quarter of 2016, the Corporation issued 87,500 common shares (2015-125,000) at an average price of $1.51 per share (2015-$1.32) following the exercise of stock options. The average closing price on the exercise dates was $5,35 (2015-$4,94). These exercises resulted in an increase in share capital of $145,000 (2015-$195,000) and a decrease in contributed surplus of $13,000 (2015-$31,000). At March 31, 2016, 1,575,000 options are outstanding (2015-1,092,500) at a weighted average exercise price of $4.21 per share (2015-$3.27).

6 . Revenue

	Periods of three months ended March 31, 2016	2015
Sale of goods	**$ 24,374**	$ 18,650
Rendering of services	**1,647**	1,423
Royalties	**195**	161
	$ 26,216	**$ 20,234**

7 . Finance income and finance costs

	Periods of three months ended March 31, 2016	2015
Interest income	**$ 65**	$ 33
Net gain on foreign currency exchange	**-**	603
Finance income	**$ 65**	**$ 636**
Interest on long-term debt	**$ 152**	$ 146
Interest and bank charges	**44**	43
Net loss on foreign currency exchange	**338**	-
Finance costs	**$ 534**	**$ 189**

8 . Net changes in non-cash operating items

	Periods of three months ended March 31, 2016	2015
Trade and other receivables	**$ (1,339)**	$ 1,670
Tax credits receivable	**(37)**	(34)
Inventories	**(1,146)**	(845)
Prepaid expenses	**(332)**	(480)
Trade and other payables	**350**	648
Deferred revenues	**(105)**	(73)
Warranty provision	**14**	(6)
	$ (2,595)	**$ 880**

9 . Financial instruments

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

	March 31, 2016	December 31, 2015
Non-current assets		
Foreign exchange derivatives	**$ 310**	**$ -**
Current liabilities		
Foreign exchange derivatives	**$ 3,856**	$ 5,686
Interest rate derivatives	**113**	126
	$ 3,969	**$ 5,812**
Non-current liabilities		
Foreign exchange derivatives	**$ 3,347**	$ 6,686
Interest rate derivatives	**9**	37
	$ 3,356	**$ 6,723**

Risk Management

Currency risk

The Corporation realizes approximately 63% (2015-63%) of its sales in foreign currencies and, accordingly, is exposed to market risks related to foreign exchange fluctuations. The Corporation partially compensates for these risks by purchasing raw materials in US dollars and by using forward foreign exchange contracts. Those contracts oblige the Corporation to sell US dollars at a fixed rate.

Management has implemented a policy to manage foreign exchange risk against the Corporation's functional currency. The objective of the policy is to minimize the risks related to foreign currency transactions, more specifically in US dollars, in order to protect the gross margin from significant fluctuations in the value of the Canadian dollar and to avoid management speculation on currency values. The Corporation manages this risk exposure by entering into various foreign exchange forward contracts. Pursuant to the policy, anticipated net inflows in US dollars can be hedged up to a maximum of 75%.

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

As at March 31, 2016

Maturity	Type	Weighted average exchange rate	Contractual amounts (in thousands of US dollars)
0 to 12 months	Sale	1.0733	$18,500
12 to 24 months	Sale	1.1459	18,000
24 to 34 months	Sale	1.2880	15,000
		1.1612	**$51,500**

As at December 31, 2015

Maturity	Type	Weighted average exchange rate	Contractual amounts (in thousands of US dollars)
0 to 12 months	Sale	1.0560	$17,500
12 to 24 months	Sale	1.1145	19,000
24 to 36 months	Sale	1.2654	18,000
		1.1456	**$54,500**

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

9 . Financial instruments (continued)

Risk Management (continued)

Interest rate risk

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

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

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

Maturity	Fixed interest rate	Original capital amount	Balance	
			March 31, 2016	December 31, 2015
April 2017	1.98%	$7,000	$3,072	$3,321
April 2017	2.08%	$9,600	$7,092	$7,252

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

10 . 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 and corporate stores 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.

Periods of three months ended March 31,

	Accessibility	Adapted Vehicles	Head-office	Total
2016				
External revenues	**$ 22,762**	**$ 3,454**	**$ -**	**$ 26,216**
Income (loss) before income tax	**$ 3,483**	**$ 113**	**$ (336)**	**$ 3,260**
2015				
External revenues	$ 17,392	$ 2,842	$ -	$ 20,234
Income (loss) before income tax	$ 2,184	$ 356	$ (303)	$ 2,237

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

10 . Operating segments (continued)

	Accessibility	Adapted Vehicles	Head-office	Total
March 31, 2016				
Segment's assets	**$ 49,658**	**$ 6,912**	**$ 36,352**	**$ 92,922**
Segment's liabilities	**$ 22,393**	**$ 1,504**	**$ 15,024**	**$ 38,921**
December 31, 2015				
Segment's assets	$ 48,452	$ 6,460	$ 40,773	$ 95,685
Segment's liabilities	$ 27,382	$ 1,256	$ 17,834	$ 46,472

11 . Subsequent events

On April 6, 2016, the Corporation announced that it had signed a definitive agreement to purchase the automotive division of Shoppers Home Health Care (a division of Shoppers Drug Mart). This division is a retailer of wheelchair van conversions and mobility adaptation for vehicles. The cost of the acquisition, net of adjustments, will be approximately $10,000,000, and will be paid in cash. The transaction is expected to close in May 2016.

On this same date, an additional amount of $1,800,000 was received on the authorized construction loan related to the purchase of a building in August 2015, for a total amount borrowed of $6,000,000 on an authorized amount of $6,200,000. The balance of $200,000 will be disbursed by the end of the second quarter of 2016.