

SAVARIA CORPORATION
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT MARCH 31, 2012
(Unaudited and not reviewed by the Corporation's independent auditors)

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

	Note	March 31, 2012	December 31, 2011
Assets			
Current assets			
Cash		\$ 3,849	\$ 3,931
Restricted cash		400	400
Trade and other receivables		9,372	9,120
Foreign exchange forward contracts		264	83
Current portion of long-term loans		321	328
Tax credits receivable		487	526
Inventories		13,346	14,371
Prepaid expenses		1,495	633
Current portion of long-term investments	4	691	710
Total current assets		30,225	30,102
Non-current assets			
Restricted cash		600	700
Foreign exchange forward contracts		178	44
Tax credits receivable		378	509
Long-term loans		257	347
Fixed assets		1,540	1,741
Goodwill		4,051	4,051
Intangible assets		2,605	2,797
Long-term investments	4	739	753
Other assets		20	16
Deferred tax assets		1,415	1,353
Total non-current assets		11,783	12,311
Total assets		\$ 42,008	\$ 42,413
Liabilities			
Current liabilities			
Bank loans		\$ 525	\$ 75
Trade and other payables		6,242	6,123
Dividend payable		2,175	-
Income taxes payable		287	382
Deferred revenues		2,100	1,930
Current portion of long-term debt		4,839	4,877
Warranty provision		332	338
Total current liabilities		16,500	13,725
Non-current liabilities			
Long-term debt		6,698	7,984
Warranty provision		413	417
Deferred tax liabilities		131	142
Total non-current liabilities		7,242	8,543
Total liabilities		23,742	22,268
Equity			
Share capital	5	13,306	13,260
Contributed surplus		2,117	2,114
Accumulated other comprehensive income		555	665
Retained earnings		2,288	4,106
Total equity		18,266	20,145
Total liabilities and equity		\$ 42,008	\$ 42,413

The notes on pages 7 to 10 are an integral part of these unaudited condensed consolidated interim financial statements.

SAVARIA CORPORATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Period of three months ended March 31
(in thousands of dollars, except per share amounts - Unaudited)

	2012	2011
Revenue	\$ 15,231	\$ 15,513
Cost of sales	(11,000)	(11,003)
Gross margin	4,231	4,510
Operating costs		
Administrative expenses	(1,620)	(1,824)
Selling expenses	(1,242)	(1,340)
Engineering and research and development expenses	(652)	(611)
	(3,514)	(3,775)
Other costs	(11)	-
Operating income	706	735
Finance income	9	19
Finance costs	(205)	(465)
Net finance costs	(196)	(446)
Income before income tax	510	289
Income tax expense	(150)	(112)
Net income	360	177
Other comprehensive income		
Change in the fair value of foreign exchange contracts designated as cash flow hedges	383	25
Deferred income tax	(97)	(7)
	286	18
Gains on foreign exchange contracts transferred to net income in the current period	(500)	(759)
Deferred income tax	126	203
	(374)	(556)
Net change in fair value of derivatives designated as cash flow hedges	(88)	(538)
Unrealized net losses on translation of financial statements of self-sustaining foreign operations	(22)	(19)
Other comprehensive loss, net of income tax	(110)	(557)
Total comprehensive income (loss)	\$ 250	\$ (380)
Earnings per share:		
Basic	\$ 0.02	\$ 0.01
Diluted	\$ 0.02	\$ 0.01

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SAVARIA CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(in thousands of dollars - Unaudited)

	2011						
	Share capital		Share capital to be issued	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total equity
	Number	Amount					
Balance at January 1, 2011	22,017,564	\$ 12,630	\$ 567	\$ 2,064	\$ 2,081	\$ 4,736	\$ 22,078
<u>Total comprehensive income</u>							
Net Income	-	-	-	-	-	177	177
Other comprehensive income :							
Change in the fair value of foreign exchange contracts designated as cash flow hedges, net of tax	-	-	-	-	18	-	18
Gains on foreign exchange contracts transferred to net income in the current period, net of tax	-	-	-	-	(556)	-	(556)
Unrealized net losses on translation of financial statements of self-sustaining foreign operations	-	-	-	-	(19)	-	(19)
Other comprehensive income	-	-	-	-	(557)	-	(557)
Total comprehensive income	-	\$ -	\$ -	\$ -	\$ (557)	\$ 177	\$ (380)
<u>Transactions with owners, recorded directly in equity</u>							
Cancelled shares following issuer bid	(138,100)	(79)	-	-	-	(143)	(222)
Compensation expense on options granted	-	-	-	21	-	-	21
Share options exercised	132,500	218	-	(53)	-	-	165
Dividend on common shares	-	-	-	-	-	(2,368)	(2,368)
Shares issued in relation to a business acquisition	1,000,000	567	(567)	-	-	-	-
Total transactions with owners	994,400	706	(567)	(32)	-	(2,511)	(2,404)
Balance at March 31, 2011	23,011,964	\$ 13,336	\$ -	\$ 2,032	\$ 1,524	\$ 2,402	\$ 19,294

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SAVARIA CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(in thousands of dollars - Unaudited)

	2012					
	Share capital		Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total equity
	Number	Amount				
Balance at January 1, 2012	22,880,864	\$ 13,260	\$ 2,114	\$ 665	\$ 4,106	\$ 20,145
<u>Total comprehensive income</u>						
Net income	-	-	-	-	360	360
Other comprehensive income :						
Change in the fair value of foreign exchange contracts designated as cash flow hedges, net of tax	-	-	-	286	-	286
Gains on foreign exchange contracts transferred to net income in the current period, net of tax	-	-	-	(374)	-	(374)
Unrealized net losses on translation of financial statements of self-sustaining foreign operations	-	-	-	(22)	-	(22)
Other comprehensive income	-	-	-	(110)	-	(110)
Total comprehensive income	-	\$ -	\$ -	\$ (110)	\$ 360	\$ 250
<u>Transactions with owners, recorded directly in equity</u>						
Cancelled shares following issuer bid	(4,000)	(2)	-	-	(3)	(5)
Compensation expense on options granted	-	-	12	-	-	12
Share options exercised	57,500	48	(9)	-	-	39
Dividend on common shares	-	-	-	-	(2,175)	(2,175)
Total transactions with owners	53,500	46	3	-	(2,178)	(2,129)
Balance at March 31, 2012	22,934,364	\$ 13,306	\$ 2,117	\$ 555	\$ 2,288	\$ 18,266

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SAVARIA CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
Period of three months ended March 31
(in thousands of dollars - Unaudited)

	Note	2012	2011
Cash flows from operating activities			
Net income		\$ 360	\$ 177
Adjustments for :			
Depreciation of fixed assets		177	170
Amortization of intangible assets		192	182
Change in the fair value of restructured notes and put option		25	29
Income tax expense		150	112
Capitalized finance costs on long-term debt		37	60
Compensation expense on share options granted		12	21
Gains on foreign exchange contracts cashed in advance and transferred to net income		(433)	(674)
Loss on the sale of fixed assets		11	-
Unrealized foreign exchange gain on non-current monetary items		(44)	(56)
Interest cost		112	125
		599	146
Net changes in non-cash operating items	6	232	177
Proceeds from long-term loans		84	12
Income tax paid		(162)	(71)
Net cash from operating activities		753	264
Cash flows from (used in) investing activities			
Receipts of long-term investments		8	27
Change in restricted cash		100	100
Proceeds from sales of fixed assets		22	-
Additions to fixed assets		(12)	(266)
Change in other assets related to the purchase of a building		(6)	-
Increase in intangible assets		-	(54)
Net cash from (used in) investing activities		112	(193)
Cash flows from (used in) financing activities			
Changes in bank loans		450	170
Increase in long-term debt		-	111
Repayment of borrowings		(1,323)	(1,187)
Interest paid		(111)	(125)
Change in other assets related to a long-term debt		3	-
Repurchase of common shares		(5)	(222)
Proceeds from exercise of share options		39	85
Net cash used in financing activities		(947)	(1,168)
Net change in cash		(82)	(1,097)
Cash at January 1		3,931	6,041
Cash at March 31		\$ 3,849	\$ 4,944

The notes on pages 7 to 10 are an integral part of these unaudited condensed consolidated interim financial statements.

SAVARIA CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

1 . Reporting entity

Savaria Corporation is a company domiciled in Canada. The address of its registered office is 2724 Etienne-Lenoir, Laval, Quebec. The condensed consolidated interim financial statements of the Corporation as at and for the three months ended March 31, 2012 and 2011 comprise the accounts of Savaria Corporation and its wholly owned subsidiaries (together referred to as the "Corporation"). The activities of the Corporation consist of manufacturing, installing and distributing elevators, platform lifts and stairlifts for people with mobility challenges as well as converting and adapting vehicles also for persons with mobility challenges.

The consolidated financial statements of the Corporation as at and for the year ended December 31, 2011 are available upon request from the Corporation's registered office or at www.savaria.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. 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 15, 2012.

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 years ended December 31, 2011 and 2010.

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

The accounting policies have been applied consistently by the Corporation's entities.

4 . Long-term investments

	March 31, 2012	December 31, 2011
Restructured notes (face value of \$1,820,000, \$1,863,000 as of December 31, 2011)	\$ 1,251	\$ 1,282
Put option	179	181
	1,430	1,463
Less : Current portion	691	710
	\$ 739	\$ 753

Restructured Notes

The Corporation holds investments with a face value of \$1,820,000 (US\$1,825,000) that are invested in restructured notes following the replacement of Asset-Backed Commercial Paper. These investments are valued at their fair value at period-end.

SAVARIA CORPORATION**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(Tabular amounts are expressed in thousands of dollars - Unaudited)***4 . Long-term investments (continued)**

During the quarter, the fair value of the restructured notes was affected by a decrease in value of the US dollar in relation to the Canadian dollar and the simple passage of time. As a result of its analysis, the Corporation estimates the fair value of these notes to be \$1,251,000 (US\$1,254,000) as at March 31, 2012. The Corporation recorded a \$24,000 (2011-\$30,000) loss during the quarter. Following this change in value, there remains a balance of the reserve for impairment of \$570,000 (2011-\$612,000) (US\$571,000, 2011-US\$631,000).

During the quarter, the Corporation received a total of \$7,000 (2011-\$27,000) (US\$7,000, 2011-US\$27,000) in repayment of certain restructured notes. The amounts received were used as a partial reimbursement on loans secured by the restructured notes. As at March 31, 2012, the face value and estimated fair value of the remaining restructured notes are broken down as follows:

Restructuring categories	in thousands of US dollars		Expected maturity date
	Face value	Estimated fair value	
MAV 2 Notes			
A1 (rated A)	835	733	July 15, 2056
C	26	7	July 15, 2056
Ineligible asset tracking notes			
MAV 2 - Class 13	132	86	March 20, 2014
MAV 3 - Class 25	832	428	December 25, 2036
Total investments	1,825	1,254	

In 2009, the Corporation signed two long-term financing agreements with its financial institution to ensure the sufficient availability of liquidity to meet its financial obligations while awaiting the disposal of the restructured notes. These agreements were renewed for an additional year during the first quarter of 2012 and now mature in March 2013 and March 2014. The loans are renewable on a yearly basis up to a maximum of three years for the first agreement and two years for the second agreement.

The Corporation holds an option to assign to the bank the ownership of its ineligible asset-tracking notes as well as any proceeds therefrom as payment of 75% of the principal on the related debt. As at March 31, 2012, the Corporation estimated the fair value of this option at \$179,000 (2011-\$210,000) (US\$179,000; 2011-US\$216,000). The estimated fair value is based on the balance of the portion of the loan related to this option minus the fair value of the applicable restructured notes.

The Corporation also holds an option to assign to the bank the ownership of its MAV 2 notes as well as any proceeds therefrom as payment of 45% of the principal on the related debt. As at March 31, 2012, the Corporation estimated the fair value of this option to be nil. The estimated fair value is based on the balance of the portion of the loan related to the option minus the fair value of the applicable restructured notes.

5 . Share capital

During the three months ended March 31, 2012, the Corporation repurchased 4,000 common shares at an average price of \$1.47 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.

SAVARIA CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

6 . Net changes in non-cash operating items

	Periods of three months ended March 31	
	2012	2011
Trade and other receivables	\$ (252)	\$ 518
Tax credits receivable	45	(22)
Inventories	1,025	(225)
Prepaid expenses	(862)	(67)
Trade and other payables	116	(53)
Deferred revenues	170	41
Warranty provision	(10)	(15)
	\$ 232	\$ 177

7 . Operating segments

Information about the operating segments

The Corporation's business structure is divided into two segments based on differences in the products offered: the first consists of manufacturing and distributing residential and commercial accessibility equipment for people with mobility challenges (Accessibility), and the second consists of converting and adapting vehicles for persons with mobility challenges (Adapted Vehicles).

	Periods of three months ended March 31					
	2012			2011		
	Accessibility	Adapted Vehicles	Total	Accessibility	Adapted Vehicles	Total
External revenues	\$ 11,944	\$ 3,287	\$ 15,231	\$ 11,610	\$ 3,903	\$ 15,513
Income before income tax and unallocated amounts	\$ 776	\$ (3)	\$ 773	\$ 743	\$ (168)	\$ 575

	March 31, 2012			March 31, 2011		
	Accessibility	Adapted Vehicles	Total	Accessibility	Adapted Vehicles	Total
	Segment's assets	\$ 31,405	\$ 7,259	\$ 38,664	\$ 33,586	\$ 9,361
Segment's liabilities	\$ 11,113	\$ 4,572	\$ 15,685	\$ 15,081	\$ 6,641	\$ 21,722

Reconciliations of operating segments and the consolidated balances

	Periods of three months ended March 31	
	2012	2011
Income before income tax		
Total income of segments, before income tax and unallocated amounts	\$ 773	\$ 575
Unallocated amounts:		
Finance costs	(96)	(101)
Other corporate expenses ⁽¹⁾	(167)	(185)
Income before income tax	\$ 510	\$ 289

(1) Salaries, professional fees and other corporate expenses not included in the segments' income.

SAVARIA CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*(Tabular amounts are expressed in thousands of dollars - Unaudited)***7 . Operating segments (continued)****Reconciliations of operating segments and the consolidated balances (continued)**

	March 31	
	2012	2011
Assets		
Total assets of segments	\$ 38,664	\$ 42,947
Unallocated amounts ⁽¹⁾	3,344	2,916
Total consolidated assets	\$ 42,008	\$ 45,863
Liabilities		
Total liabilities of segments	\$ 15,685	\$ 21,722
Unallocated amounts ⁽¹⁾	8,057	4,847
Total consolidated liabilities	\$ 23,742	\$ 26,569

(1) Assets and liabilities not included in the assets and liabilities of the segments.

8 . Subsequent events

On April 13, 2012, the Corporation purchased a building located in Brampton, Ontario, for an amount of \$8,600,000, of which a deposit in the amount of \$450,000 was paid in the first quarter of 2012. The Corporation entered into an agreement with its financial institution for a long-term debt in the amount of \$9,600,000 to finance the purchase. The terms of the agreement include an amortization period of 180 months with a monthly payment in capital of \$53,000 plus interest, at a fixed rate for five years of 3.58%.

This financing agreement also includes:

- the refinancing of four long-term loans into one single loan in the amount of \$7,000,000. The terms of the agreement include an amortization period of 84 months with a monthly payment in capital of \$83,000 plus interest at a fixed rate for five years of 3.48%;
- the replacement of its lines of credit formerly held by Savaria Concord Lifts for \$2,000,000 and Van-Action for \$500,000, into a single line of credit in the amount of \$5,000,000.