SAVARIA CORPORATION
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT JUNE 30, 2008
(Unaudited)

SAVARIA CORPORATION

CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME (Unaudited)

	Periods of Three months ended June 30		Periods of Six months ended June 30	
	2008	2007	**2008**	2007
SALES	**$ 13,866,485**	$ 14,806,080	**$ 25,876,418**	$ 28,986,649
OPERATING EXPENSES				
Cost of goods sold	**10,932,754**	11,416,324	**20,699,490**	21,924,414
Selling and administrative expenses	**2,651,896**	2,462,174	**5,388,526**	5,139,506
Amortization of fixed assets	**93,598**	130,187	**203,374**	259,089
Amortization of deferred development costs	**69,678**	74,333	**140,320**	145,433
Amortization of intangible assets	**37,949**	60,945	**75,810**	96,759
Write off of assets	**-**	-	**-**	10,004
	13,785,875	14,143,963	**26,507,520**	27,575,205
OPERATING EARNINGS (LOSS)	**80,610**	662,117	**(631,102)**	1,411,444
OTHER REVENUES AND EXPENSES (note 4)	**1,933,794**	(680,354)	**1,943,312**	(761,738)
EARNINGS (LOSS) BEFORE INCOME TAXES	**2,014,404**	(18,237)	**1,312,210**	649,706
INCOME TAXES	**(361,807)**	(71,899)	**(247,721)**	(101,042)
NET EARNINGS (LOSS)	**$ 1,652,597**	$ (90,136)	**$ 1,064,489**	$ 548,664
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAXES				
Unrealized gains (losses) on foreign exchange contracts designated as cash flow hedges	**45,101**	**232,734**	**(115,034)**	**285,808**
Unrealized (gains) losses on foreign exchange contracts designated as cash flow hedges in prior periods transferred to net income in the current period	**45,669**	**(10,603)**	**42,892**	**71,173**
OTHER COMPREHENSIVE INCOME	**90,770**	**222,131**	**(72,142)**	**356,981**
COMPREHENSIVE INCOME	**$ 1,743,367**	**$ 131,995**	**$ 992,347**	**$ 905,645**
Net earnings (loss) per common share				
Basic	**$ 0.061**	$ (0.003)	**$ 0.039**	$ 0.019
Diluted	**$ 0.061**	$ (0.003)	**$ 0.039**	$ 0.019
Average number of common shares outstanding (note 8C)				
Issued	**27,296,697**	28,678,614	**27,381,881**	28,690,739
Diluted	**27,296,697**	28,701,714	**27,381,881**	28,738,054

SAVARIA CORPORATION
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (Unaudited)
PERIOD OF SIX MONTHS ENDED JUNE 30

	2008	2007
BALANCE - beginning of period	**$ 5,123,653**	$ 8,793,905
NET EARNINGS	**1,064,489**	548,664
	6,188,142	9,342,569
Excess over book value of repurchased shares	**(334,026)**	(803,705)
DIVIDENDS on common shares	**(1,736,791)**	(2,357,404)
BALANCE - end of period	**$ 4,117,325**	$ 6,181,460

SAVARIA CORPORATION
CONSOLIDATED BALANCE SHEETS

	As at June 30 (Unaudited) 2008	As at Decenber 31 2007
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 2,694,846**	$ 4,714,615
Accounts receivable	**9,594,116**	8,924,070
Inventories	**9,758,007**	9,682,137
Prepaid expenses	**910,456**	685,919
Foreign exchange forward contracts	**-**	14,009
Income taxes receivable	**364,598**	376,368
Current portion of long-term loans	**107,155**	102,927
Future income taxes	**948,144**	912,221
	24,377,322	25,412,266
LAND AND BUILDING HELD FOR SALE	-	2,846,518
FIXED ASSETS	**1,720,189**	1,796,159
DEFERRED DEVELOPMENT COSTS	**727,857**	683,491
INTANGIBLE ASSETS	**1,160,559**	1,222,629
GOODWILL	**506,230**	506,230
LONG-TERM INVESTMENTS (note 6)	**2,627,359**	2,719,929
LONG-TERM LOANS	**159,315**	204,799
FUTURE INCOME TAXES	**3,056,846**	3,312,659
	$ 34,335,677	$ 38,704,680
LIABILITIES		
CURRENT LIABILITIES		
Bank loans	**$ 1,910,000**	$ 940,000
Short-term debt (note 6)	**3,000,000**	3,000,000
Current liability related to assets held for sale	**-**	3,750,000
Accounts payable	**6,800,841**	6,820,596
Warranty provision	**283,459**	267,976
Foreign exchange forward contracts	**91,062**	-
Current portion of long-term debt	**129,325**	244,212
	12,214,687	15,022,784
LONG-TERM DEBT	**106,508**	430,962
WARRANTY PROVISION	**541,829**	516,605
NET LIABILITY OF A VIE (note 7)	**211,864**	111,241
	13,074,888	16,081,592
SHAREHOLDERS' EQUITY		
Capital stock (note 8B)	**15,589,918**	15,949,915
Contributed suplus	**1,616,069**	1,539,901
Retained earnings	**4,117,325**	5,123,653
Accumulated other comprehensive income (note 9)	**(62,523)**	9,619
	21,260,789	22,623,088
	$ 34,335,677	$ 38,704,680

ON BEHALF OF THE BOARD OF DIRECTORS

_______________________, Director
Marcel Bourassa

_______________________, Director
Jean-Marie Bourassa C.A.

SAVARIA CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Periods of Three months ended June 30		Periods of Six months ended June 30	
	2008	2007	**2008**	2007
OPERATING ACTIVITIES				
Net earnings (loss)	**$ 1,652,597**	$ (90,136)	**$ 1,064,489**	$ 548,664
Adjustments for :				
Amortization of fixed assets	**93,598**	130,187	**203,374**	259,089
Amortization of deferred development costs	**69,678**	74,333	**140,320**	145,433
Amortization of intangible assets	**37,949**	60,945	**75,810**	96,759
Write off of assets	**-**	-	**-**	10,004
Write down of investments in ABCP (note 6)	**-**	-	**171,631**	-
Future income taxes	**333,237**	(54,191)	**252,819**	(8,197)
Remuneration expense on options granted	**42,552**	35,747	**76,168**	60,078
Non realized gain on foreign exchange contracts cashed-in in advance	**-**	409,500	**-**	409,500
Change in warranty provision	**9,649**	(14,168)	**40,707**	(27,875)
(Gain) loss on disposal of fixed assets	**(2,045,466)**	-	**(2,045,466)**	4,297
Others	**19,725**	30,145	**(73,411)**	33,507
	213,519	582,362	**(93,559)**	1,531,259
Net changes in non-cash working capital items (note 3)	**(1,109,866)**	415,461	**(978,438)**	618,949
Cash flows from (used in) operating activities	**(896,347)**	997,823	**(1,071,997)**	2,150,208
INVESTING ACTIVITIES				
Changes in temporary investments	**-**	998,277	**-**	988,586
Proceeds from disposal of fixed assets	**4,895,534**	-	**4,895,534**	500
Additions to fixed assets	**(90,474)**	(73,615)	**(130,954)**	(98,312)
Deferred development costs	**(65,753)**	(35,159)	**(184,686)**	(230,315)
Additions to other assets	**(13,740)**	(123,967)	**(13,740)**	(123,967)
Proceeds from long-term loans	**35,120**	63,926	**49,668**	104,182
Cash flows from investing activities	**4,760,687**	829,462	**4,615,822**	640,674
FINANCING ACTIVITIES				
Changes in bank loans	**(530,000)**	(60,000)	**970,000**	(250,000)
Repayment of curent liability related to assets held for sale	**-**	-	**(3,750,000)**	-
Repayment of long-term debt	**(33,403)**	(354,939)	**(453,403)**	(430,706)
Contribution from a VIE	**71,174**	-	**100,623**	-
Dividends paid on common shares	**(1,736,791)**	(2,357,404)	**(1,736,791)**	(2,357,404)
Shares repurchased for cancellation	**(38,011)**	(551,705)	**(694,023)**	(1,153,481)
Issuance of shares	**-**	-	**-**	225,000
Cash flows used in financing activities	**(2,267,031)**	(3,324,048)	**(5,563,594)**	(3,966,591)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**1,597,309**	(1,496,763)	**(2,019,769)**	(1,175,709)
CASH AND CASH EQUIVALENTS - beginning of period	**1,097,537**	6,279,572	**4,714,615**	5,958,518
CASH AND CASH EQUIVALENTS - end of period	**$ 2,694,846**	$ 4,782,809	**$ 2,694,846**	$ 4,782,809

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 have not been reviewed by the Corporation's external auditor and should be read in conjunction with the audited annual consolidated financial statements and notes thereto for the year ended December 31, 2007.

2. CHANGES IN ACCOUNTING POLICIES

A) 2008

On January 1, 2008, the Corporation adopted the following recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook :

Section 1400 : General standards on Financial Statement Presentation

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

Section 1535 : Capital Disclosures

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

Section 3031 : Inventories

This Section prescribes the accounting treatment for inventories by providing guidance on the determination of costs and its subsequent recognition as an expense.

The adoption of the new standards of Sections 1400, 1535 and 3031 has had no material impact on the consolidated financial statements.

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

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

B) Future Accounting Changes

Section 3064 : Goodwill and Intangible Assets.

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

3. NET CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	Three months ended June 30		Six months ended June 30	
	2008	2007	**2008**	2007
Accounts receivable	**$ (2,125,119)**	$ (384,884)	**$ (670,046)**	$ 955,437
Inventories	**280,445**	272,705	**(75,870)**	20,150
Prepaid expenses	**233,997**	(17,186)	**(224,537)**	(473,119)
Income taxes receivable	**67,667**	217,044	**11,770**	164,676
Accounts payable	**433,144**	327,782	**(19,755)**	(48,195)
	$ (1,109,866)	$ 415,461	**$ (978,438)**	$ 618,949

4. OTHER REVENUES AND EXPENSES

	Three months ended June 30		Six months ended June 30	
	2008	2007	**2008**	2007
Interest and dividend income	**$ 15,297**	$ 69,954	**$ 47,817**	$ 150,976
Gain (loss) on foreign currency exchange	**(66,085)**	(658,361)	**210,635**	(709,112)
Interest on long-term debt	**(5,222)**	(80,257)	**(10,195)**	(149,841)
Interest expense and bank charges	**(57,936)**	(18,744)	**(181,054)**	(66,643)
Write down of investments in ABCP (note 6)	**-**	-	**(171,631)**	-
Gain (loss) on disposal of fixed assets	**2,045,466**	-	**2,045,466**	(4,297)
Other revenues	**2,274**	7,054	**2,274**	17,179
	$ 1,933,794	$ (680,354)	**$ 1,943,312**	$ (761,738)

5. ASSETS HELD FOR SALE AND LIABILITY RELATED TO ASSETS HELD FOR SALE

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

	As at June 30	As at December 31
	2008	2007
Asset		
Land and building	**$ -**	$ 2,846,518
Liability		
Debt maturing in May 2008	**$ -**	$ 3,750,000

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

6. LONG-TERM INVESTMENTS

The Corporation holds investments in the amount of $3,059,100 (US $3,000,000) that were invested in asset-backed commercial paper ("ABCP") issued by SLATE Trust and ROCKET Trust. This ABCP had a "R1-(high)" rating according to Dominion Bond Rating Service ("DBRS") and met the Corporation's investment criteria at its acquisition date. The ABCP held by the Corporation matured on various dates between August 30 and September 5, 2007. The scheduled payments have not been made and there is currently no active market for this ABCP.

6 . LONG-TERM INVESTMENTS (Cont'd)

The Canadian market for third party sponsored ABCP suffered a liquidity disruption in mid-August 2007 following which a group of financial institutions and other parties agreed, pursuant to the Montreal Accord (the "Accord"), to a standstill period in respect of ABCP sold by 23 conduit issuers. A Pan-Canadian Investors Committee was subsequently established to oversee the orderly restructuring of these instruments during this standstill period. Participants to the Accord also agreed in principle on December 23, 2007 to the conversion of the ABCP investments into longer-term financial instruments with maturies corresponding to the underlying assets.

Key elements of the restructuring Plan include a comprehensive restructuring with distinct solutions. ABCP backed by traditional securitized assets will be restructured on a series-by-series basis, with each trust or series maintaining its separate assets. ABCP backed by synthetic assets or a combination of synthetic and traditional securitized assets will be restructured into floating rate notes with maturities based upon the maturities of the underlying pooled assets, expected to be an average of seven years. Investors should receive senior and subordinated pooled notes in exchange for their ABCP. Finally, ABCP backed by U.S. sub-prime assets will be restructured on a series-by-series basis, with each series maintaining its separate exposure to its own assets. Noteholders were summoned to a meeting held on April 25, 2008 and voted in a majority in favour of the Plan. However, the Plan is subject to ratification by the Ontario Superior Court of Justice.

As a result of the acceptance of the Plan, the Corporation expects to receive replacement notes with par values as follows :

Class A-1 Synthetic Notes	US $	843,200
Class C Synthetic Notes		26,100
Tracking notes - Traditional Assets (TA)		687,800
Tracking notes - Ineligible Assets (IA)		1,442,900
	US $	3,000,000

The Corporation remeasured the fair value of its investments in ABCP as at March 31, 2008 following a probability weighted approach. As a result of this valuation, the Corporation recognized an additional $171,631 writedown in respect of its investments in ABCP during the three-month period ended March 31, 2008, for a total writedown of $431,741 (US $423,400). No additional information has been made available since the first quarter that would let the Corporation believe that the evaluation done as at March 31, 2008 is no longer valid, therefore it is estimated that no new evaluation is required at this time. As at June 30, 2008, the fair value of the Corporation's investments in ABCP amounted to $2,627,359 (US $2,576,600) and these assets are presented on a long-term basis.

The Corporation's estimate of the fair value of its ABCP investments as at June 30, 2008 is subject to significant uncertainty. While management believes that its valuation technique is appropriate in the circumstances, changes in significant assumptions could substantially affect the value of ABCP securities in the coming quarters. The resolution of these uncetainties could result in the ultimate value of these investments varying significantly from management's current best estimates and the extent of that difference could have a material effect on our financial results.

On October 15, 2007, the Corporation entered into a temporary financing agreement with its bank in order to ensure the sufficient availability of liquidity to meet its financial obligations while awaiting the settlement of the ABCP investments. The ABCP was secured for this credit facility in the amount of $3,000,000 that was drawn in total as at June 30, 2008. The credit facility bears interest at prime rate minus 1,5% and must be repaid in full once the ABCP can be sold.

7 . VARIABLE INTEREST ENTITY

The Corporation has included a VIE in the scope of its consolidation. The entity in question is held by a related party but the Corporation plans to transfer the capital stock in the entity to its own name by the end of the third quarter of 2008. The entity is located in China and assembles parts and finished goods for the benefit of the Coporation's subsidiaries.

7 . VARIABLE INTEREST ENTITY (Cont'd)

The effect on the balance sheet items is as follows :

	As at June 30 2008	As at December 31 2007
Assets		
Cash and cash equivalents	**$ 7,200**	$ 10,236
Accounts receivable	**8,837**	-
Inventories	**310,971**	74,710
Prepaid expenses	**76,014**	111,440
Fixed assets	**91,498**	93,231
Intangible assets	**15,448**	2,146
	$ 509,968	$ 291,763
Liabilities		
Accounts payable	**$ 361,121**	$ 131,541
Deferred income	**117,258**	213,122
	478,379	344,663
Shareholder's equity		
Contribution from a VIE	**211,864**	111,241
Deficit	**(180,275)**	(164,141)
	31,589	(52,900)
	$ 509,968	$ 291,763

The liabilities recognized as a result of consolidating this VIE do not represent additional claims on the Corporation's general assets; rather, they represent claims against the specific assets of the consolidated VIE. Conversely, assets recognized as a result of consolidating this VIE do not represent additional assets that could be used to satisfy claims against the Corporation's general assets. Additionally, the consolidation of this VIE did not result in any change in the underlying tax, legal or credit exposure of the Corporation.

8 . CAPITAL STOCK

A) Capital risk management :

Capital structure is defined as long-term debt, bank and short-term debt, net of cash and cash equivalents and temporary and long-term investments, plus shareholders' equity ("capital").

	As at June 30 2008	As at December 31 (Unaudited) 2007
Cash and cash equivalents	**(2,694,846) $**	(4,714,615) $
Bank loans	**1,910,000**	940,000
Short-term debt	**3,000,000**	3,000,000
Current liability related to assets held for sale	**-**	3,750,000
Long-term debt, including current portion	**235,833**	675,174
Long-term investments	**(2,627,359)**	(2,719,929)
	(176,372)	930,630
Capital	**21,260,789**	22,623,088
Total capital structure	**21,084,417 $**	23,553,718 $

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

8. CAPITAL STOCK (Cont'd)

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

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

Also, the Corporation must conform to certain financial ratios under its various credit agreements. These requirements include maintaining on a quarterly basis a minimum working capital ratio of 1.10 : 1 and a maximum debt-to-equity ratio of 2.50 : 1 for its Savaria Concord Lifts subsidiary. As for its Van-Action (2005) subsidiary, it must maintain on a quarterly basis a minimum working capital of $1,200,000 and a maximum debt-to-equity ratio of 2 : 1 and, on an annual basis, a minimum debt service coverage ratio of 1.25 : 1. The debt to equity ratio is defined as being the total of earnings before interest, taxes and amortization ("EBITDA") plus rent expense and payments under operating leases minus income taxes paid and additions to fixed assets divided by the sum of capital plus interest, rent expense and payments under operating and capital leases. The Corporation is in compliance with the ratio requirements of its lenders.

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

Issued :

	Common shares	
	Number	**Amount**
Balance as at December 31, 2007	**27,912,414**	**$ 15,949,915**
Cancelled following issuer bid	**(630,000)**	**(359,997)**
Balance as at June 30, 2008	**27,282,414**	**$ 15,589,918**

C) 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 June 30		Six months ended June 30	
	2008	2007	**2008**	2007
Weighted average number of shares outstanding for use in determining basic earnings per share	**27,296,697**	28,678,614	**27,381,881**	28,690,739
Effect of potential dilutive securities due to stock options	**-**	23,100	**-**	47,315
Weighted average number of shares outstanding for use in determining diluted earnings per share	**27,296,697**	28,701,714	**27,381,881**	28,738,054

9. ACCUMULATED OTHER COMPREHENSIVE INCOME

	As at June 30	
	2008	**2007**
Balance as at beginning of the period, net of income taxes in the amount of $4,390 (2007-$43,095)	**$ 9,619**	**$ (86,828)**
Changes in other comprehensive income in the current period	**(72,142)**	**356,981**
Unrealized gains (losses) on foreign exchange contracts designated as cash flow hedges, net of income taxes of $28,539 (2007-$134,086)	**$ (62,523)**	**$ 270,153**

10 . FINANCIAL INSTRUMENTS

Financial risk factors

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

Fair value of financial instruments

The carrying value of cash and cash equivalents, accounts receivable, long-term loans, accounts payable and long-term debt approximates their fair value due to their short term to maturity or associated rates that do not vary significantly from the market rates.

A) Market risks

Currency risk

The Corporation realizes approximately 59% (2007-62%) of its sales in foreign currencies and accordingly is exposed to market risks related to foreign exchange fluctuations. The Corporation partially compensates for these risks by purchasing materials in U.S. dollars and by using derivative financial instruments such as forward foreign exchange contracts. Those contracts are contracts under which the Corporation is obligated to sell U.S. dollars at a fixed rate.

Management has implemented a policy to manage foreign exchange risk against its functional currency. The objective of the policy is to minimize the risks related to foreign currency transactions, more specifically in U.S. dollars, in order to protect the gross margin from important foreign currency fluctuations and to avoid management speculation on currency values. The Corporation manages this risk exposure by entering into various foreign exchange forward contracts. According to the policy, a maximum of 50% of anticipated sales in foreign currencies is to be hedged.

The following table summarizes the Corporation's commitments to sell foreign currencies as at June 30, 2008 and 2007 :

2008 Maturity	Type	Average exchange rate	Contractual amounts (in U.S. dollars)
0 to 12 months	**Sale**	**1.0123**	**$ 10,250,000**

2007 Maturity	Type	Average exchange rate	Contractual amounts (in U.S. dollars)
0 to 9 months	Sale	1.0613	$ 3,000,000

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

10 . FINANCIAL INSTRUMENTS (Cont'd)

The fair value of the financial instruments is as follows :

	As at June 30	
	2008	2007
Unrealized gains (losses) on forward exchange contracts	**$ (91,062)**	$ 404,239

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

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

	Three months ended June 30		Six months ended June 30	
	2008	2007	**2008**	2007
Gains on foreign exchange from financial instruments used in hedging	**$ (316)**	$ -	**$ 1,806**	$ -
Gains (losses) on foreign currency exchange on U.S. dollar monetary accounts	**(65,769)**	(658,361)	**208,829**	(709,112)
Total gains (losses) on foreign currency exchange recognized as "Other Revenues and Expenses"	**(66,085)**	(658,361)	**210,635**	(709,112)
Gains (losses) on foreign currency exchange from derivitive financial instruments recognized as "Sales"	**(809)**	120,084	**10,419**	(2,156)
	$ (66,894)	$ (538,277)	**$ 221,054**	$ (711,268)

The Corporation does not hold or issue any derivative financial instruments for speculative or trading purposes. Derivative financial instruments are subject to normal credit ratings, financial controls, risk management as well as monitoring procedures.

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

(in US dollars)	As at June 30	As at December 31 (Unaudited)
	2008	2007
Cash and cash equivalents	**$ 839,027**	$ 1,568,658
Accounts receivable	**5,463,090**	4,955,352
Prepaid expenses	**1,500**	246,722
Long-term investments	**2,576,600**	2,784,364
Long-term loans, including current portion	**261,321**	310,467
Accounts payable	**(799,948)**	(727,118)
Long-term debt, including current portion	**-**	(376,989)
Total monetary items denominated in US dollars	**$ 8,341,590**	$ 8,761,456

As at June 30, 2008, with other variables unchanged, a $0.01 strengthening (weakening) of the Canadian dollar against the US dollar would have an unfavourable (favourable) impact on "Other revenues and expenses" in the amount of $83,000 (December 31, 2007- $88,000).

10 . FINANCIAL INSTRUMENTS (Cont'd)

Interest rate risk

As the Corporation has no significant interest-bearing assets, its earnings and operating cash flows are substantially independent of change in market interest rates.

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

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

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

Cash CA$	Prime rate less 2.25%
Cash US$	Prime rate less 4.50%
Accounts receivable	Non-interest bearing
Long-term loan to United Arabic Emirates	Non-interest bearing and participating
Long-term loans to United States	Between 0% and 4.20% and non-participating
Accounts payable	Non-interest bearing
Bank loans	Prime rate and prime rate plus 0.50%
Short-term debt	Prime rate less 1.50%
Long-term debt	Prime rate plus 1.00% and fixed rate of 10.70%

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

	As at June 30	As at December 31
		(Unaudited)
	2008	2007
Cash and cash equivalents	**$ (2,694,846)**	$ (4,714,615)
Bank loans	**1,910,000**	940,000
Short-term debt	**3,000,000**	3,000,000
Long-term debt, including current portion	**229,166**	291,666
Total monetary items with a variable interest rate	**$ 2,444,320**	$ (482,949)

As at June 30, 2008, with other variables unchanged, a 1% increase (decrease) in the prime rate would have an unfavourable (favourable) impact on 'Other revenus and expenses" in the amount of $24,000 (December 31, 2007:-$5,000) on an annual basis.

Price risk

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

B) Credit risk

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

10 . FINANCIAL INSTRUMENTS (Cont'd)

The Corporation provides credit to its customers in the normal course of business. It carries out credit checks on its customers on a continual basis and maintains provisions for contingent credit losses which, once they materialize, are consistent with management's forecasts. The Corporation does not normally require a guarantee.

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

The Corporation minimizes its credit risks by conducting its operations with a wide variety of customers in several industries.

C) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. Management assess' its liquidity level on a continual basis to insure itself that it has sufficient liquidity to meet its obligations. As at June 30, 2008, the Corporation had at its disposal working capital of $12,163,000 (December 31, 2007-$10,389,000) and unused credit facilities of $4,590,000 (December 31, 2007-$7,560,000).

11 . 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 accessibility), and the second consists of converting and adapting vehicles for the physically handicapped (adapted transport).

The business sectors are detailed as follows :

	Three months ended June 30			Six months ended June 30		
	Elevators and Accessibility	**Adapted transport**	**Total**	**Elevators and Accessibility**	**Adapted transport**	**Total**
Sales	$ 11,636,087	$ 2,230,398	**$ 13,866,485**	$ 21,801,134	$ 4,075,284	**$ 25,876,418**
Operating earnings (loss)	10,883	69,727	**80,610**	(598,588)	(32,514)	**(631,102)**
Net earnings (loss)	1,607,963	44,634	**1,652,597**	1,102,084	(37,595)	**1,064,489**
Assets	30,518,700	3,816,977	**34,335,677**	30,518,700	3,816,977	**34,335,677**
Amortization	188,996	12,229	**201,225**	393,848	25,656	**419,504**
Additions to fixed assets	89,331	1,143	**90,474**	129,811	1,143	**130,954**

12 . COMPARATIVE FIGURES

Certain figures have been reclassified to conform to the presentation adopted in 2008.