SAVARIA CORPORATION

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT SEPTEMBER 30, 2007

(Unaudited)

SAVARIA CORPORATION
CONSOLIDATED EARNINGS AND COMPREHENSIVE INCOME (Unaudited)

	Periods of Three months ended September 30		Periods of Nine months ended September 30	
	2007	2006	**2007**	2006
SALES	**$ 14,727,317**	$ 14,468,567	**$ 44,329,811**	$ 46,193,001
OPERATING EXPENSES				
Cost of goods sold	**11,116,748**	10,831,005	**33,657,007**	34,233,659
Selling and administrative expenses	**2,775,416**	2,692,657	**7,914,922**	8,778,309
Amortization of fixed assets	**130,662**	179,646	**389,751**	463,512
Amortization of deferred charges	**32,609**	39,484	**178,042**	146,571
Amortization of intangible assets	**106,658**	27,552	**203,417**	196,412
Write-off of intangible assets	**-**	-	**10,004**	196,871
	14,162,093	13,770,344	**42,353,143**	44,015,334
OPERATING EARNINGS	**565,224**	698,223	**1,976,668**	2,177,667
OTHER REVENUES AND CHARGES (note 5)	**(416,986)**	173,509	**(1,178,724)**	60,404
EARNINGS before income taxes	**148,238**	871,732	**797,944**	2,238,071
INCOME TAXES	**(134,351)**	(290,112)	**(235,393)**	(1,026,012)
NET EARNINGS	**$ 13,887**	$ 581,620	**$ 562,551**	$ 1,212,059
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAXES:				
Unrealized gains on foreign exchange contracts designated as cash flow hedges	**-**	-	**285,808**	-
Unrealized gains on foreign exchange contracts designated as cash flow hedges in prior periods transferred to net income in the current period	**(133,462)**	-	**(62,289)**	-
OTHER COMPREHENSIVE INCOME	**(133,462)**	-	**223,519**	-
COMPREHENSIVE INCOME	**$ (119,575)**	**$ 581,620**	**$ 786,070**	**$ 1,212,059**
Net earnings per common share:				
Basic	**$ -**	$ 0.020	**$ 0.020**	$ 0.041
Diluted	**$ -**	$ 0.020	**$ 0.020**	$ 0.041
Average number of common shares outstanding (note 6B)				
Issued	**28,437,714**	29,529,170	**28,606,397**	29,654,630
Diluted	**28,437,714**	29,718,662	**28,628,830**	29,864,145

SAVARIA CORPORATION
CONSOLIDATED RETAINED EARNINGS (Unaudited)
PERIODS OF NINE MONTHS ENDED SEPTEMBER 30

	2007	2006
BALANCE beginning of period	**$ 8,793,905**	$ 8,300,945
NET EARNINGS	**562,551**	1,212,059
	9,356,456	9,513,004
Excess of purchase price over average stated capital of shares purchased for cancellation	**(845,629)**	(219,068)
DIVIDENDS on common shares	**(2,357,404)**	(651,931)
BALANCE end of period	**$ 6,153,423**	$ 8,642,005

SAVARIA CORPORATION
CONSOLIDATED BALANCE SHEETS

	As at September 30 (Unaudited) 2007	As at December 31 2006
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 1,357,815**	$ 5,958,518
Temporary investments	**-**	988,586
Accounts receivable	**9,132,897**	10,393,264
Inventories	**9,921,124**	9,674,333
Prepaid expenses	**631,052**	447,652
Income taxes receivable	**429,648**	320,968
Current portion of long-term loans	**156,595**	160,825
Future income taxes	**1,453,817**	1,642,953
	23,082,948	29,587,099
FIXED ASSETS	**4,781,346**	5,061,349
DEFERRED DEVELOPMENT COSTS	**501,098**	511,801
INTANGIBLE ASSETS	**1,258,083**	1,358,123
GOODWILL	**506,230**	506,230
LONG-TERM INVESTMENTS (note 3)	**2,984,400**	-
LONG-TERM LOAN TO A RELATED PARTY	**250,000**	-
LONG-TERM LOANS	**240,493**	247,547
FUTURE INCOME TAXES	**3,000,773**	2,988,545
	$ 36,605,371	$ 40,260,694
LIABILITIES		
CURRENT LIABILITIES		
Bank loans	**$ 380,000**	$ 650,000
Accounts payable	**6,685,055**	7,189,372
Warranty provision	**286,893**	280,607
Current portion of long-term debt	**750,425**	770,382
	8,102,373	8,890,361
LONG-TERM DEBT	**3,977,854**	4,495,170
WARRANTY PROVISION	**502,350**	538,647
	12,582,577	13,924,178
SHAREHOLDERS' EQUITY		
Capital stock (note 6A)	**16,341,256**	16,244,789
Contributed suplus	**1,391,424**	1,297,822
Retained earnings	**6,153,423**	8,793,905
Accumulated other comprehensive income (note 7)	**136,691**	-
	24,022,794	26,336,516
	$ 36,605,371	$ 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)

	Periods of Three months ended September 30		Periods of Nine months ended September 30	
	2007	2006	**2007**	2006
OPERATING ACTIVITIES				
Net earnings	**$ 13,887**	$ 581,620	**$ 562,551**	$ 1,212,059
Adjustments for:				
Amortization of fixed assets	**130,662**	179,646	**389,751**	463,512
Amortization of deferred development costs	**32,609**	39,484	**178,042**	146,571
Amortization of intangible assets	**106,658**	27,552	**203,417**	196,412
Write-off of intangible assets	**-**	-	**10,004**	196,871
Future income taxes	**117,046**	291,293	**108,849**	696,187
Remuneration expense on options granted	**33,524**	48,659	**93,602**	163,873
Non realized gain on foreign exchange contracts cashed-in in advance	**(204,750)**	-	**204,750**	-
Warranty expense	**(2,136)**	43,607	**(30,011)**	174,984
Loss on disposal of fixed assets	**2,312**	10,540	**6,609**	11,640
Others	**24,280**	(4,309)	**57,787**	16,589
	254,092	1,218,092	**1,785,351**	3,278,698
Net changes in non-cash working capital items (note 4)	**(575,270)**	(690,480)	**43,679**	(2,484,162)
Cash flows from (used in) operating activities	**(321,178)**	527,612	**1,829,030**	794,536
INVESTING ACTIVITIES				
Changes in temporary investments	**-**	-	**988,586**	3,940,360
Changes in long-term investments	**(2,984,400)**	-	**(2,984,400)**	-
Proceeds from disposal of fixed assets	**-**	-	**500**	44,256
Additions to fixed assets	**(18,545)**	(60,545)	**(116,857)**	(185,335)
Deferred development costs	**62,976**	(168,539)	**(167,339)**	(356,373)
Deffered start-up costs	**-**	-	**-**	(39,450)
Additions to other assets	**10,586**	-	**(113,381)**	-
Increase of long-term loans	**-**	-	**-**	(113,900)
Proceeds from long-term loans	**22,815**	41,884	**126,997**	60,745
Cash flows from (used in) investing activities	**(2,906,568)**	(187,200)	**(2,265,894)**	3,350,303
FINANCING ACTIVITIES				
Changes in bank loans	**(20,000)**	-	**(270,000)**	-
Increase in long-term debt	**-**	-	**-**	500,000
Repayment of long-term debt	**(106,567)**	(63,338)	**(537,273)**	(519,419)
Dividends paid on common shares	**-**	-	**(2,357,404)**	(651,931)
Shares repurchased for cancellation	**(70,681)**	(125,796)	**(1,224,162)**	(332,521)
Issuance of shares	**-**	-	**225,000**	-
Cash flows from (used in) financing activities	**(197,248)**	(189,134)	**(4,163,839)**	(1,003,871)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(3,424,994)**	151,278	**(4,600,703)**	3,140,968
CASH AND CASH EQUIVALENTS beginning of period	**4,782,809**	7,532,889	**5,958,518**	4,543,199
CASH AND CASH EQUIVALENTS end of period	**$ 1,357,815**	$ 7,684,167	**$ 1,357,815**	$ 7,684,167

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 and January 2007, the CICA issued the following four accounting standards: Section 1535, Capital Disclosures, Section 3862, Financial Instruments - Disclosures and Section 3863, Financial Instruments - Presentation, Section 3031, Inventories. 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.

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.

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.

While the Corporation is currently assessing the impact of these new recommandations on its financial statements, it does not expect the recommandations to have a significant impact on its financial position, earnings or cash flows.

3 . MEASUREMENT UNCERTAINTY

The Corporation holds investments in the amount of $2,984,400 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.

DBRS placed several ABCP issuers "Under Review with Developing Implications" following the August 16, 2007 announcement that a consortium representing banks, asset providers and major investors (collectively the "Consortium") had entered into an agreement in principle regarding a long-term proposal and an interim agreement regarding the ABCP. This agreement could result in the conversion of the securities in question into floating-rate term bonds maturing no earlier than the stipulated expiry date of the underlying assets.

The Corporation is in discussions with its bank and trust managers and is closely monitoring the situation. Given the uncertainty as to the time of the realization of these investments, the assets in question are presented on a long-term basis. In addition, the Corporation has ceassed recognizing income on the investments since their maturity date. The amount that the Corporation could recover on this ABCP remains highly uncertain as it will depend on a series of factors, including clarification of the quality of the assets and the nature of the trusts' financial commitments, the outcome of the negotiations between the ABCP issuers and the Consortium, the re-emergence of an active market for the ABCP, the possible conversion of the ABCP into new securities and the eventual ermegence of an active market for these new securities. The Corporation could therefore be required to recognize an impairment of value on this investment in future periods, and this impairment could be significant.

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.

4 . NET CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	Three months ended September 30		Nine months ended September 30	
	2007	2006	**2007**	2006
Accounts receivable	**$ 131,430**	$ (253,281)	**$ 1,086,867**	$ (507,598)
Inventories	**(266,941)**	(172,268)	**(246,791)**	316,602
Prepaid expenses	**289,719**	17,908	**(183,400)**	(75,348)
Income taxes receivable	**(273,356)**	(19,521)	**(108,680)**	(54,041)
Accounts payable	**(456,122)**	(263,318)	**(504,317)**	(2,163,777)
	$ (575,270)	$ (690,480)	**$ 43,679**	$ (2,484,162)

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

5 . OTHER REVENUES AND CHARGES

	Three months ended September 30		Nine months ended September 30	
	2007	2006	**2007**	2006
Interest and dividend income	**$ 60,905**	$ 101,403	**$ 211,881**	$ 269,496
Loss on foreign currency exchange	**(387,320)**	45,776	**(1,096,432)**	(47,387)
Interest on long-term debt	**(70,474)**	(99,351)	**(220,315)**	(298,442)
Interest expense and bank charges	**(24,756)**	(34,385)	**(91,399)**	(78,398)
Loss on disposal of fixed assets	**(2,312)**	(10,540)	**(6,609)**	(11,640)
Other revenues	**6,971**	170,606	**24,150**	226,775
	$ (416,986)	$ 173,509	**$ (1,178,724)**	$ 60,404

6 . 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

Issued:

	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	**(660,700)**	**(378,533)**
Balance as at September 30, 2007	**28,412,714**	**$ 16,341,256**

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 September 30		Nine months ended September 30	
	2007	2006	**2007**	2006
Weighted average number of shares outstanding for use in determining basic earnings per share	**28,437,714**	29,529,170	**28,606,397**	29,654,630
Effect of potential dilutive securities due to stock options	**-**	189,492	**22,433**	209,515
Weighted average number of shares outstanding for use in determining diluted earnings per share	**28,437,714**	29,718,662	**28,628,830**	29,864,145

7 . ACCUMULATED OTHER COMPREHENSIVE INCOME

	Nine months ended September 30
	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	**223,519**
Unrealized gains on foreign exchange contracts designated as cash flow hedges, net of income taxes of $68,059	**$ 136,691**

8 . 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 September 30			Nine months ended September 30		
	Elevators	**Vehicles**	**Total**	**Elevators**	**Vehicles**	**Total**
Sales	$ 12,523,638	$ 2,203,679	**$ 14,727,317**	$ 37,016,289	$ 7,313,522	**$ 44,329,811**
Operating Earnings	485,071	80,153	**565,224**	1,834,532	142,136	**1,976,668**
Net earnings (losses)	(39,953)	53,840	**13,887**	486,692	75,859	**562,551**
Assets	33,783,280	2,822,091	**36,605,371**	33,783,280	2,822,091	**36,605,371**
Amortization	264,033	5,896	**269,929**	727,054	44,156	**771,210**
Additions to fixed assets	15,950	2,595	**18,545**	106,939	9,918	**116,857**

9 . SUBSEQUENT EVENT

On October 11, 2007, the Corporation announced the transfer of its production to its facilities in Brampton, Ontario and Huizhou, China resulting in the closure of its Laval plant effective December 21, 2007. Most of the costs relating to the closure will be incurred before December 31, 2007.

10 . COMPARATIVE FIGURES

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