Condensed Interim Consolidated Financial Statements of

INSCAPE CORPORATION

(Unaudited)

July 31, 2016 and 2015

INSCAPE CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited) (in thousands of Canadian dollars)

	Note	**July 31, 2016**	April 30, 2016
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**$ 5,574**	$ 5,989
Short-term investments		**4,549**	4,506
Trade and other receivables	9.4	**13,056**	11,225
Inventories	7	**5,377**	4,932
Income taxes receivable		**105**	89
Prepaid expenses		**1,459**	1,019
Derivative assets	9.2	**-**	416
		30,120	28,176
NON-CURRENT ASSETS			
Property, plant and equipment		**16,078**	16,038
Intangible assets		**1,877**	1,585
Derivative assets	9.2	**-**	290
Deferred tax assets		**695**	695
		$ 48,770	$ 46,784
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		**$ 14,616**	$ 12,444
Provisions	8	**207**	152
Derivative liabilities	9.2	**615**	-
		15,438	12,596
DEFERRED TAX LIABILITIES		**1,204**	1,194
DERIVATIVE LIABILITIES	9.2	**320**	-
OTHER LONG-TERM OBLIGATIONS	10	**1,218**	1,195
RETIREMENT BENEFIT OBLIGATION		**5,418**	5,272
		23,598	20,257
CAPITAL AND RESERVES			
Issued capital		**52,868**	52,868
Contributed surplus		**2,675**	2,675
Accumulated other comprehensive loss		**(2,882)**	(3,054)
Deficit		**(27,489)**	(25,962)
		25,172	26,527
		$ 48,770	$ 46,784

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Note - These condensed interim consolidated financial statements have not been reviewed by an auditor.

Approved by the Board of Directors,

(signed)
Chairman
Madan Bhayana

(signed)
Director
Bartley Bull

INSCAPE CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands of Canadian dollars, except per share amounts)

	Note	Three Months Ended July 31, 2016	2015
SALES	5	**$ 24,120**	$ 15,274
COST OF GOODS SOLD		**17,145**	12,078
GROSS PROFIT		**6,975**	3,196
EXPENSES			
Selling, general and administrative		**7,051**	6,288
Unrealized gain on foreign exchange		**(166)**	(384)
Unrealized loss on derivatives	9	**1,641**	2,385
Investment income		**(24)**	(50)
		8,502	8,239
LOSS BEFORE TAXES		**(1,527)**	(5,043)
INCOME TAXES		**-**	-
NET LOSS		**$ (1,527)**	$ (5,043)
BASIC AND DILUTED LOSS PER SHARE	6	**$ (0.11)**	$ (0.35)

SUPPLEMENTAL INFORMATION

	2016	2015
Salaries,wages and benefits included in cost of goods sold	**$ 4,034**	$ 3,861
Salaries,wages and benefits included in selling, general and administrative	**3,321**	3,137
Total salaries, wages and benefits	**$ 7,355**	$ 6,998
Amortization included in cost of goods sold	**$ 385**	$ 450
Amortization included in selling, general and administrative	**248**	199
Total amortization	**$ 633**	$ 649

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INSCAPE CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited) (in thousands of Canadian dollars)

	Note	Three Months Ended July 31, 2016	2015
NET LOSS		**$ (1,527)**	$ (5,043)
OTHER COMPREHENSIVE LOSS			
Items that may be reclassified to earnings			
Exchange gain on translating foreign operations		**172**	309
OTHER COMPREHENSIVE LOSS		**172**	309
TOTAL COMPREHENSIVE LOSS		**$ (1,355)**	$ (4,734)

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INSCAPE CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited) (in thousands of Canadian dollars)

			Accumulated Other Comprehensive Income (Loss) ("AOCI")			
Period Ended July 31, 2016	**Share Capital**	**Contributed Surplus**	**Cumulative Remeasurement of Defined Benefit Liabilities**	**Cumulative Translation gain**	**Deficit**	**Total Shareholders' Equity**
BALANCE - May 1, 2016	**$ 52,868**	**$ 2,675**	**$ (3,922)**	**$ 868**	**$ (25,962)**	**$ 26,527**
Net Loss	**-**	**-**	**-**	**-**	**(1,527)**	**(1,527)**
Other Comprehensive Income (Loss)	**-**	**-**	**-**	**172**	**-**	**172**
Total Comprehensive Loss	**-**	**-**	**-**	**172**	**(1,527)**	**(1,355)**
BALANCE - July 31, 2016	**$ 52,868**	**$ 2,675**	**$ (3,922)**	**$ 1,040**	**$ (27,489)**	**$ 25,172**

			Accumulated Other Comprehensive Loss ("AOCI")			
Period Ended July 31, 2015	**Share Capital**	**Contributed Surplus**	**Cumulative Remeasurement of Defined Benefit Liabilities**	**Cumulative Translation gain**	**Deficit**	**Total Shareholders' Equity**
BALANCE - May 1, 2015	$ 52,868	$ 2,675	$ (1,857)	$ 848	$ (24,708)	$ 29,826
Net Loss	-	-	-	-	(5,043)	(5,043)
Other Comprehensive Income (Loss)	-	-	-	309	-	309
Total Comprehensive Loss	-	-	-	309	(5,043)	(4,734)
BALANCE - July 31, 2015	$ 52,868	$ 2,675	$ (1,857)	$ 1,157	$ (29,751)	$ 25,092

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INSCAPE CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(in thousands of Canadian dollars)

	Note	Three Months Ended July 31, 2016	2015
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:			
OPERATING ACTIVITIES			
Net loss		**$ (1,527)**	$ (5,043)
Items not affecting cash:			
Amortization and depreciation		**633**	649
Pension expense		**169**	170
Unrealized (gain) loss on short-term investments held for trading		**(31)**	80
Unrealized loss on derivatives	9.2	**1,641**	2,385
Share based compensation		**24**	137
Unrealized gain on foreign exchange		**(166)**	(384)
Employer's contribution to pension funds		**(124)**	(113)
Cash generated from (used for) operating activities before non-cash working capital		**619**	(2,119)
Movements in non-cash working capital			
Trade and other receivables		**(1,445)**	(1,193)
Inventories		**(389)**	(387)
Prepaid expenses		**(423)**	(633)
Accounts payable and accrued liabilities		**1,895**	3,110
Provisions		**49**	(65)
Income tax receivables and payables		**(12)**	(21)
Cash generated from (used for) operating activities		**294**	(1,308)
INVESTING ACTIVITIES			
Short-term investments held for trading		**(12)**	2,801
Additions to property, plant and equipment & intangible assets		**(846)**	(639)
Cash generated from (used for) investing activities		**(858)**	2,162
Unrealized foreign exchange gain on cash and cash equivalents		**149**	176
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(415)**	1,030
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**5,989**	3,192
CASH AND CASH EQUIVALENTS, END OF PERIOD		**$ 5,574**	$ 4,222
CASH AND CASH EQUIVALENTS CONSIST OF:			
Cash		**$ 4,746**	$ 4,166
Cash equivalents		**828**	56
		$ 5,574	$ 4,222

The accompanying notes are an integral part of these condensed interim consolidated financial statements.
Note - These condensed interim consolidated financial statements have not been reviewed by an auditor.

1. General information

Inscape Corporation (the "Company") is a limited company incorporated in Ontario, Canada, with Class B common shares listed on the Toronto Stock Exchange (TMX). The Company's registered office is 67 Toll Road, Holland Landing, Ontario, Canada.

The Company is an office furniture manufacturer with production at two facilities in Canada and the United States in approximately 438,000 square feet of space. Inscape serves its customers through a network of authorized dealers.

2. Statement of compliance

These condensed interim consolidated financial statements are prepared in accordance with International Financial Accounting Standard ("IAS") 34 - Interim Financial Reporting.

These financial statements follow the same accounting policies as were used for the consolidated financial statements for the year ended April 30, 2016.

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on September 8, 2016.

3. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

3.1 Critical estimates and judgments in applying accounting policies

The following are the critical estimates and judgments that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Critical judgments:

Allowance for doubtful accounts is based on management's judgment and review of any known exposures, customer creditworthiness, and collection experience.

Reserve for inventory is based on the aging of inventory and management's judgment of product life cycles in identifying obsolete items.

Identification of cash generating units for the purposes of performing impairment test of asset is based on management's judgment of what constitutes the lowest group of assets that can generate cash flows largely independent of other assets.

Determination of the functional currency of the Company's various reporting entities is based on management's judgment of the currency environment of each entity.

Critical estimates:

Estimated useful lives and residual values of intangible asset, property, plant and equipment are based on management's experience, the intended usage of the assets and the expected technological advancement that may affect the life cycle and residual values of the assets.

Defined benefit pension obligations are based on the management's best estimates on the long-term investment return on pension fund assets, the discount rate of obligations, mortality and the future rate of salary increase.

Liability for the Company's performance share units is based on the management's best estimates on the Company's financial performance during the vesting period of the performance share units.

Cash flow projections of the Company's cash generating units for the purposes of performing an impairment test of assets are based on the Company's best estimate of the range of business and economic conditions.

The Company computes an income tax provision in each of the jurisdiction in which it operates. Actual amounts of income tax expense are finalized upon filing and acceptance of the tax return by the relevant authorities, which occur subsequent to the issuance of the financial statements. The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions before they expire against future taxable income. The assessment is based upon existing tax laws and estimates of future taxable income. To the extent estimates differ from the final tax returns; net earnings would be affected in a subsequent period.

The Company is subject to taxation in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company maintains provisions for uncertain tax positions that it believes appropriately reflect its risk with respect to tax matters under active discussion, audit, dispute or appeal with tax authorities, or which are otherwise considered to involve uncertainty. These provisions are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. It is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provision in the period in which such determination is made.

4. Future Accounting Policy Changes

IFRS 9 Financial Instruments:

In July 2014, the IASB issued IFRS 9 (2014) – Financial Instruments ("IFRS 9"). IFRS 9 replaces IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"), in its entirety. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial assets, the approach in IFRS is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets and limited changes to the classification and measurement requirements for financial assets. For financial liabilities measured at fair value, fair value changes due to changes in the Company's credit risk are presented in other comprehensive income ("OCI"), instead of net income (loss), unless this would create an accounting mismatch. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39 and introduces a new expected loss impairment model. IFRS 9 also provides relief from the requirement to restate comparative financial statements for the effect of applying IFRS 9. This amendment completes the IASB's financial instruments project and the standard is effective for reporting periods beginning on or after January 1, 2018 with early adoption permitted. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers:

In May 2014, the IASB released IFRS 15 Revenue from Contracts with Customers, which establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods and services. IFRS 15 also requires more comprehensive disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and a number of revenue-related interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Service). IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

IFRS 16 Leases:

In January 2016, the IASB issued IFRS 16 Leases, which specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

Unaudited (in thousands except share and per share amounts)

5. Segment information

The Company operates in two principal geographical areas – U.S. and Canada.

The Company's revenue from continuing operations from external customers by geographical location are detailed below.

	Three Months Ended July 31, 2016	2015
Sales from		
United States	**$ 22,718**	$ 14,154
Canada	**1,402**	1,120
	$ 24,120	$ 15,274

The following is an analysis of the Company's revenue and results from continuing operations and capital expenditures by reportable segments that reflect our management structure and internal financial reporting that are regularly reviewed by the chief operating decision makers in order to allocate resources to the segments and to assess their performance.

	Three Months Ended July 31, 2016	2015
Segment Sales		
Furniture	**$ 16,517**	$ 10,746
Movable walls and rollform	**7,603**	4,528
	$ 24,120	$ 15,274
Segment Income (Loss)		
Furniture	**$ 61**	$ (2,020)
Movable walls and rollform	**(137)**	(1,072)
	(76)	(3,092)
Unrealized exchange gain	**166**	384
Unrealized loss on derivatives	**(1,641)**	(2,385)
Investment income	**24**	50
Loss before taxes	**(1,527)**	(5,043)
Income taxes recovery	**-**	-
Net loss	**$ (1,527)**	$ (5,043)

Segment profit or loss represents the profit earned or loss incurred by each segment without allocation of unrealized foreign exchange and derivative gains and losses, investment income and income tax expense. This is the measure reported to the management for the purposes of resource allocation and assessment of segment performance.

Unaudited (in thousands except share and per share amounts)

6. Earnings per share

The earnings and weighted average number of shares used in the calculation of basic and diluted earnings per share are as follows:

	Three Months Ended July 31,	
Numerator	**2016**	2015
Net loss for the period for basic and diluted earnings per share	**$ (1,527)**	$ (5,043)
Denominator		
Weighted average number of shares outstanding for basic earnings per share	**14,380,701**	14,380,701
Dilution impact of stock options	**210,609**	370,022
Weighted average number of shares outstanding for diluted earnings per share	**14,591,310**	14,750,723

Diluted loss per common share for the quarters ended July 31, 2016 and July 31, 2015 has not been disclosed as the effect of the conversion would be anti-dilutive..

7. Inventories

	July 31, 2016	April 30, 2016
Raw materials	**$ 3,730**	$ 3,244
Work-in-progress	**313**	393
Finished goods	**1,335**	1,295
	$ 5,378	$ 4,932

The cost of inventories recognized as cost of goods sold was $15,463 for the three-month period ended July 31, 2016 (July 31, 2015 - $11,133).

There was an inventory write-down of $52 during the three-month period ended July 31, 2016 (July 31, 2015 - $48).

8. Provisions

	July 31, 2016	**April 30, 2016**
Provision, beginning of the period	**$ 152**	**$ 232**
Additional provisions recognized	**50**	**50**
Reductions arising from payments	**(1)**	**(84)**
Reversal of unused amounts	**-**	**(58)**
Currency exchange	**6**	**12**
Provision, end of the period	**$ 207**	**$ 152**

Unaudited (in thousands except share and per share amounts)

9. Financial instruments

9.1 Capital risk management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders through growth in earnings.
Management defines capital as the Company's total capital and reserves excluding accumulated other comprehensive income (loss) as summarized in the following table:

		July 31, 2016		April 30, 2016
Issued capital	$	**52,868**	$	52,868
Contributed surplus		**2,675**		2,675
Deficit		**(27,489)**		(25,962)
	$	**28,054**	$	29,581

The Company manages its capital structure and makes modifications in response to changes in economic conditions and the risks associated with the underlying strategic initiatives. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, or draw on its line of credit.

9.2 Foreign currency risk management

The Company's activities expose it primarily to the financial risks of changes in the U.S. dollar exchange rates. The Company enters into a variety of derivative financial instruments to hedge the exchange rate risk arising on the anticipated sales to the U.S. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors. Compliance with policies and exposure limits is reviewed by the Board on a regular basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

As at July 31, 2016, the Company had outstanding U.S. dollar hedge contracts with settlement dates from August 2016 to April 2018. The total notional amounts under the contracts are U.S. $41,200 to $51,500 (July 31, 2015 - $32,000 to $40,250). Dependent on the spot CAD/USD rate on each settlement date, the Company can sell U.S. dollars at rates ranging from $1.25 CAD/USD to $1.40 CAD/USD (July 31, 2015 - $1.04 CAD/USD to $1.31 CAD/USD). These contracts had a mark-to-market loss of $935 (U.S. $716), which was recognized on the consolidated statement of financial position as derivative liabilities. Any changes in the derivative assets or liabilities from the prior reporting period are recognized on the consolidated statement of operations as unrealized gain or loss on derivatives of the period.

Total realized loss on derivatives included in sales on the statement of operations was nil for the three-month period ended July 31, 2016 (July 31, 2015 – loss of $1,972).

The following reconciles the changes in the fair value of the derivatives at the beginning and the end of the period:

Unaudited (in thousands except share and per share amounts)

	Three Months Ended July 31,	
	2016	2015
Fair value of derivative assets (liabilities), beginning of period	**$ 706**	$ (3,945)
Changes in fair value during the period:		
Decrease in fair value of new contracts added	**(65)**	(234)
Reversal of derivative (assets) liabilities of contracts settled	**(110)**	1,428
Decrease in fair values of outstanding contracts	**(1,466)**	(3,579)
Net increase in fair value of derivative liabilities recognized during the period	**(1,641)**	(2,385)
Fair value of derivative liabilities, end of period	**$ (935)**	$ (6,330)
Current	**$ (615)**	$ (6,011)
Long-term	**(320)**	(319)
	$ (935)	$ (6,330)

Foreign currency sensitivity analysis

Based on the existing average U.S. currency hedge contract rates and the mix of U.S. dollar denominated sales and expenses for the three-month period ended July 31, 2016, a 1% change in the Canadian dollar against the U.S. dollar would have an impact of approximately $85 on the Company's pre-tax earnings (July 31, 2015 – $92).

9.3 Interest rate risk management

The Company's cash equivalents and short-term investments are subject to the risk that interest income will fluctuate because of changes in market interest rates. The Company manages the interest rate risk by investing in highly liquid financial instruments with staggered maturity dates. For the three-month period ended July 31, 2016, each 100 basis point variation in the market interest rate is estimated to result in a change of $10 in the Company's investment income (July 31, 2015 - $21).

9.4 Credit risk management

The Company's cash and cash equivalents, short-term investments, trade accounts receivable and derivative assets are subject to the risk that the counter-parties may fail to discharge their obligation to pay the Company. The Company's investment policy specifies the types of permissible investments, the minimum credit ratings required and the maximum balances allowed. The purchase of any securities carrying a credit rating below BBB for bonds or R1-Low for commercial paper is prohibited. Management reports to the Board of Directors quarterly the Company's investment portfolios to demonstrate their compliance with the investment policy. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has credit policies and procedures to manage trade accounts receivable credit risk by assessing new customers' credit history, reviewing of credit limits, monitoring aging of accounts receivable and establishing an allowance for doubtful accounts based on specific customer information and general historical trends. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. As at July 31, 2016, the allowance for doubtful accounts was $649 (April 30, 2016 - $609).

Unaudited (in thousands except share and per share amounts)

9.5 Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Company is debt-free and has access to financing facilities which were unused at the end of the reporting period (July 2015: unused). The Company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

9.6 Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

July 31, 2016	**Level 1**	**Level 2**	**Level 3**
Short-term investments	**$ 4,549**	**$ -**	**$ -**
Derivative liabilities	**-**	**(935)**	**-**
	$ 4,549	**$ (935)**	**$ -**

April 30, 2016	Level 1	Level 2	Level 3
Short-term investments	$ 4,506	$ -	$ -
Derivative assets	-	706	-
	$ 4,506	$ 706	$ -

There were no transfers between Level 1, 2 and 3 in the periods.

10. Other long-term obligations

Other long-term obligations are comprised of the fair value of the Company's stock-based compensation liabilities.

	July 31, 2016	April 30, 2016
Deferred Share Units	**$ 356**	$ 322
Stock Options	**747**	780
Restricted Share Units	**115**	93
	$ 1,218	$ 1,195

Unaudited (in thousands except share and per share amounts)

11. Related party transactions

Compensation of key management personnel

The following was the remuneration of directors and other members of key management personnel, including Chief Executive Officer, Former Chief Financial Officer, Executive VP Sales, VP Operations, VP Product Development and VP Human Resources.

	Three Months Ended July 31,	
	2016	2015
Salaries and short-term benefits	**$ 435**	$ 443
Post-employment benefits	**4**	5
Share-based compensation	**35**	135
	$ 474	$ 583

During the period, the Company incurred expenses to a related party for goods and services associated with the Company's strategic initiatives. The entity is deemed a related party because the Chief Executive Officer is a shareholder of that entity. The relationship provides the Company immediate resources to implement new initiatives. The expense incurred was $43 for the three-month period ended July 31, 2016 (July 31, 2015 – $53).

During the period, the Company incurred expenses to a related party for consulting services associated with the Company's strategic plan. The entity is deemed a related party because a Board Director is a shareholder of that entity. The expense incurred was $32 for the three-month period ended July 31, 2016 (July 31, 2015 – nil).

13. Contingent liability

In the ordinary course of business, the Company may be contingently liable for litigation and claims with customers, suppliers and former employees. On an ongoing basis, the Company assesses the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable costs and losses and a determination of the provision required, if any, for these contingencies is made after analysis of each individual issue. There are no material contingent liabilities as at July 31, 2016 (July 31, 2015 – nil).