Condensed Interim Consolidated Financial Statements of

INSCAPE CORPORATION

(Unaudited)

January 31, 2015 and 2014

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

	Note	**January 31, 2015**	April 30, 2014
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**$ 6,064**	$ 6,029
Short-term investments		**11,256**	12,869
Trade and other receivables	9.4	**12,132**	9,643
Inventories	7	**3,829**	3,944
Income taxes receivable		**72**	56
Prepaid expenses		**744**	787
		34,097	33,328
NON-CURRENT ASSETS			
Property, plant and equipment	11	**18,351**	20,498
Intangible assets	11	**167**	227
Deferred tax assets		**5,117**	4,302
		$ 57,732	$ 58,355
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		**$ 8,937**	$ 9,175
Provisions	8	**261**	230
Derivative liabilities	9.2	**8,299**	2,321
		17,497	11,726
DEFERRED TAX LIABILITIES		**690**	1,014
DERIVATIVE LIABILITIES	9.2	**1,574**	66
OTHER LONG-TERM OBLIGATIONS	10	**811**	248
RETIREMENT BENEFIT OBLIGATION		**1,899**	1,707
		22,471	14,761
CAPITAL AND RESERVES			
Issued capital		**52,868**	52,853
Contributed surplus		**2,675**	2,675
Accumulated other comprehensive income (loss)		**1,030**	(302)
Deficit		**(21,312)**	(11,632)
		35,261	43,594
		$ 57,732	$ 58,355

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

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

(signed)
Chairman
Madan Bhayana

(signed)
Director
Bartley Bull

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

	Note	Three Months Ended January 31, 2015	Three Months Ended January 31, 2014	Nine Months Ended January 31, 2015	Nine Months Ended January 31, 2014
SALES	5	**$ 16,855**	$ 14,373	**$ 56,783**	$ 50,984
COST OF GOODS SOLD		**13,379**	11,968	**43,170**	39,445
GROSS PROFIT		**3,476**	2,405	**13,613**	11,539
EXPENSES					
Selling, general and administrative		**5,750**	4,968	**15,991**	15,467
Impairment of long-lived assets	11	**1,695**	-	**1,695**	-
Unrealized gain on foreign exchange		**(751)**	(452)	**(974)**	(540)
Decrease in fair value of derivatives	9.2	**6,954**	3,482	**7,486**	4,602
Investment income		**(71)**	(96)	**(242)**	(286)
		13,577	7,902	**23,956**	19,243
LOSS BEFORE TAXES		**(10,101)**	(5,497)	**(10,343)**	(7,704)
INCOME TAXES		**(705)**	(1,495)	**(663)**	(2,063)
NET LOSS		**$ (9,396)**	$ (4,002)	**$ (9,680)**	$ (5,641)
BASIC AND DILUTED EARNINGS PER SHARE	6	**$ (0.65)**	$ (0.28)	**$ (0.67)**	$ (0.39)

SUPPLEMENTAL INFORMATION

Salaries,wages and benefits included in cost of goods sold	**$ 4,049**	$ 3,907	**$ 12,018**	$ 12,361
Salaries,wages and benefits included in selling, general and administra	**2,877**	2,561	**8,497**	8,269
Total salaries, wages and benefits	**$ 6,926**	$ 6,468	**$ 20,515**	$ 20,630
Amortization included in cost of goods sold	**$ 590**	$ 743	**$ 1,751**	$ 2,192
Amortization included in selling, general and administrative	**205**	190	**569**	526
Total amortization	**$ 795**	$ 933	**$ 2,320**	$ 2,718

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

	Three Months Ended January 31, 2015	Three Months Ended January 31, 2014	Nine Months Ended January 31, 2015	Nine Months Ended January 31, 2014
NET LOSS	**$ (9,396)**	$ (4,002)	**$ (9,680)**	$ (5,641)
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified to earnings				
Exchange gain on translating foreign operations	**1,052**	451	**1,332**	804
OTHER COMPREHENSIVE INCOME , NET OF TAXES	**1,052**	451	**1,332**	804
TOTAL COMPREHENSIVE LOSS, NET OF TAXES	**$ (8,344)**	$ (3,551)	**$ (8,348)**	$ (4,837)

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INSCAPE CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited) (in thousands of Canadian dollars)
Period Ended January 31, 2015

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss) ("AOCI") Cumulative Remeasurement of Defined Benefit Liabilities	Accumulated Other Comprehensive Income (Loss) ("AOCI") Cumulative Translation gain	Deficit	Total Shareholders' Equity
BALANCE - May 1, 2014	**$ 52,853**	**$ 2,675**	**$ (473)**	**$ 171**	**$ (11,632)**	**$ 43,594**
Issuance of capital stock for stock options	**15**	**-**	**-**	**-**	**-**	**15**
Net Loss	**-**	**-**	**-**	**-**	**(9,680)**	**(9,680)**
Other Comprehensive Income	**-**	**-**	**-**	**1,332**	**-**	**1,332**
Total Comprehensive Loss	**-**	**-**	**-**	**1,332**	**(9,680)**	**(8,348)**
BALANCE - January 31, 2015	**$ 52,868**	**$ 2,675**	**$ (473)**	**$ 1,503**	**$ (21,312)**	**$ 35,261**

Period Ended January 31, 2014

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss ("AOCI") Cumulative Remeasurement of Defined Benefit Liabilities	Accumulated Other Comprehensive Loss ("AOCI") Cumulative Translation gain	Deficit	Total Shareholders' Equity
BALANCE - May 1, 2013	$ 52,853	$ 2,675	$ (2,548)	$ (529)	$ (4,586)	$ 47,865
Net Loss	-	-	-	-	(5,641)	(5,641)
Other Comprehensive Income	-	-	-	804	-	804
Total Comprehensive Loss	-	-	-	804	(5,641)	(4,837)
BALANCE -January 31, 2014	$ 52,853	$ 2,675	$ (2,548)	$ 275	$ (10,227)	$ 43,028

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

	Note	Three Months Ended January 31, 2015	Three Months Ended January 31, 2014	Nine Months Ended January 31, 2015	Nine Months Ended January 31, 2014
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:					
OPERATING ACTIVITIES					
Net loss		**$ (9,396)**	$ (4,002)	**$ (9,680)**	$ (5,641)
Items not affecting cash:					
Amortization		**795**	933	**2,320**	2,718
Asset impairment	11	**1,695**	344	**1,695**	344
Pension expense		**131**	204	**392**	606
Unrealized (gain) loss on short-term investments held for trading		**106**	(10)	**94**	170
Decrease in fair value of derivatives	9.2	**6,954**	3,482	**7,486**	4,602
Deferred income taxes		**(705)**	(1,495)	**(663)**	(2,063)
Share based compensation		**358**	(299)	**563**	(577)
Unrealized gain on foreign exchange		**(751)**	(452)	**(974)**	(540)
Gain on sale of capital assets		**-**	-	**-**	(6)
Employer's contribution to pension funds		**(193)**	(201)	**(394)**	(727)
Cash generated from operating activities before non-cash working capital		**(1,006)**	(1,496)	**839**	(1,114)
Movements in non-cash working capital					
Trade and other receivables		**2,062**	4,369	**(849)**	3,724
Inventories		**502**	685	**277**	708
Prepaid expenses		**430**	86	**86**	(190)
Accounts payable and accrued liabilities		**(987)**	(2,263)	**(900)**	(2,328)
Provisions		**40**	(49)	**(2)**	(12)
Income tax assets and liabilities		**(1)**	11	**18**	(7)
Cash generated from (used for) operating activities		**1,040**	1,343	**(531)**	781
FINANCING ACTIVITIES					
Issuance of capital stock for stock options		**15**	-	**15**	-
INVESTING ACTIVITIES					
Short-term investments held for trading		**570**	76	**1,519**	(383)
Additions to property, plant and equipment & intangible assets		**(717)**	(231)	**(1,181)**	(1,022)
Proceeds from sale of capital assets		**-**	0	**-**	13
Cash used for investing activities		**(147)**	(155)	**338**	(1,392)
Unrealized foreign exchange gain (loss) on cash and cash equivalents		**136**	262	**213**	259
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**1,044**	1,450	**35**	(352)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**5,020**	6,391	**6,029**	8,193
CASH AND CASH EQUIVALENTS, END OF PERIOD		**$ 6,064**	$ 7,841	**$ 6,064**	$ 7,841
CASH AND CASH EQUIVALENTS CONSIST OF:					
Cash		**$ 2,643**	$ 3,223	**$ 2,643**	$ 3,223
Cash equivalents		**3,421**	4,618	**3,421**	4,618
		$ 6,064	$ 7,841	**$ 6,064**	$ 7,841

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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, 2014.

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on March 12, 2015.

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 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.

3. Critical accounting judgments and key sources of estimation uncertainty (continued)

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.

Unaudited (in thousands except share and per share amounts)

4. Future Accounting Policy Changes

The following new accounting standards issued by the International Accounting Standards Board (IASB) are effective for the Company's reporting periods beginning on May 1, 2015 except for IFRS 15, which is effective for reporting periods beginning on May 1, 2017. The Company is assessing the potential impacts of the adoption of these new standards on its consolidated financial statements.

IFRS 9 – Financial Instruments. This standard replaces IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 establishes principles for the reporting of financial assets and financial liabilities that will provide relevant information to users of financial statements on the amounts, timing and uncertainty of an entity's future cash flows.

IFRS 15 – Revenue from Contracts with Customers – This standard replaces IAS 11 – Construction Contracts, IAS 18 – Revenue and IFRIC 13 – Customer Loyalty Programmes ("IFRIC 13"), as well as various other interpretations regarding revenue. IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 also contains enhanced disclosure requirements.

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 January 31,		Nine Months Ended January 31,	
	2015	2014	**2015**	2014
Sales from				
United States	**$ 14,178**	12,443	**$ 51,046**	$ 44,723
Canada	**2,670**	1,822	**5,693**	5,861
Other	**7**	108	**44**	400
	$ 16,855	$ 14,373	**$ 56,783**	$ 50,984

The following is an analysis of the Company's revenue and results from continuing operations by reportable segments, which are identified on the basis of internal reports about components of the Company that are regularly reviewed by the management in order to allocate resources to the segments and to assess their performance.

Unaudited (in thousands except share and per share amounts)

5. Segment information (continued)

The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 2. 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.

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2015	2014	**2015**	2014
Segment Sales				
Furniture	**$ 13,671**	$ 10,568	**$ 40,986**	$ 36,068
Movable walls and rollform	**3,184**	3,805	**15,797**	14,916
	$ 16,855	$ 14,373	**$ 56,783**	$ 50,984
Segment Operating Income (Losses)				
Furniture	**$ (601)**	$ (2,208)	**$ (380)**	$ (4,425)
Movable walls and rollform	**(1,673)**	(355)	**(1,998)**	497
	(2,274)	(2,563)	**(2,378)**	(3,928)
Impairment loss moveable walls and rollform	**1,695**	-	**1,695**	-
Unrealized exchange gain	**(751)**	(452)	**(974)**	(540)
Decrease in fair value of derivatives	**6,954**	3,482	**7,486**	4,602
Investment income	**(71)**	(96)	**(242)**	(286)
Loss before taxes	**(10,101)**	(5,497)	**(10,343)**	(7,704)
Provision for income taxes	**(705)**	(1,495)	**(663)**	(2,063)
Net loss	**$ (9,396)**	$ (4,002)	**$ (9,680)**	$ (5,641)

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 January 31,	
Numerator	**2015**	2014
Net loss for the quarter for basic and diluted earnings per share	**$ (9,396)**	$ (4,002)
Denominator		
Weighted average number of shares outstanding for basic earnings per share	**14,376,869**	14,373,201
Dilution impact of stock options	**177,667**	16,954
Weighted average number of shares outstanding for diluted earnings per share	**14,554,536**	14,390,155

	Nine Months Ended January 31,	
Numerator	**2015**	2014
Net loss for the period for basic and diluted earnings per share	**$ (9,680)**	$ (5,641)
Denominator		
Weighted average number of shares outstanding for basic earnings per share	**14,374,424**	14,373,201
Dilution impact of stock options	**64,290**	6,943
Weighted average number of shares outstanding for diluted earnings per share	**14,438,714**	14,380,144

110,624 potential shares are anti-dilutive and are therefore excluded from the weighted average number of shares for the purposes of diluted earnings per share for the three-month period ended January 31, 2015 (2014 - 481,043).

140,624 potential shares are anti-dilutive and are therefore excluded from the weighted average number of shares for the purposes of diluted earnings per share for the six-month period ended January 31, 2015 (2014 – 773,454).

7. Inventories

	January 31, 2015	April 30, 2014
Raw materials	**$ 3,123**	$ 2,622
Work-in-progress	**315**	376
Finished goods	**391**	946
	$ 3,829	$ 3,944

The cost of inventories recognized as cost of goods sold was $12,881 (2014 - $11,532) for the three-month period and $39,576 (2014 - $36,970) for the six-month period ended January 31, 2015.

There was an inventory write-down of $28 during the three-month period (2014 - $125) and $63 during the nine-month period (2014 - $133).

Unaudited (in thousands except share and per share amounts)

8. Provisions

Provision, beginning of period	$	230
Additional provisions recognized		140
Reductions arising from payments		(45)
Reversal of unused amounts		(96)
Currency exchange		32
Provision, end of period	$	261

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:

		January 31, 2015		April 30, 2014
Issued capital	**$**	**52,868**	$	52,853
Contributed surplus		**2,675**		2,675
Deficit		**(21,312)**		(11,632)
	$	**34,231**	$	43,896

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 adjust the amount of dividends paid to shareholders, 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 of office furniture 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.

Unaudited (in thousands except share and per share amounts)

9. Financial instruments (continued)

As at January 31, 2015, the Company had outstanding U.S. dollar hedge contracts with settlement dates from February 2015 to December 2016. The total nominal amounts under the contracts are U.S $45,750 to $57,000 depending on the spot rate at contract maturity. Dependent on the spot CAD/USD rate on each settlement date, the Company can sell U.S. dollars at rates ranging from $1.04 CAD/USD to $1.24 CAD/USD. These contracts had a mark-to-market loss of $9,873 (U.S. $7,767), which was recognized on the interim consolidated statement of financial position as derivative liabilities. Any changes in the net gain or loss from the prior reporting period due to addition of forward contracts, movements in the U.S. currency exchange rate, reclassification of the unrealized gains or losses to realized income or loss are recognized on the consolidated statement of operations as increase or decrease in fair value of derivative assets or liabilities of the period.

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

	Nine Months Ended January 31,			
		2015		2014
Fair value of derivative (liabilites) assets, beginning of period	**$**	**(2,387)**	$	438
Changes in fair value during the period:				
Decrease in fair value of new contracts added		**(1,787)**		(3,358)
Reversal of derivative liabilities (assets) of contracts settled		**1,788**		(480)
Decrease in fair values of outstanding contracts		**(7,487)**		(764)
Net decrease in fair value of derivative liabilities recognized during the pe		**(7,486)**		(4,602)
Fair value of derivative liabilities, end of period	**$**	**(9,873)**	$	(4,164)
Current	**$**	**(8,299)**	$	(3,193)
Long-term		**(1,574)**		(971)
	$	**(9,873)**	$	(4,164)

Foreign currency sensitivity analysis

Based on the existing average forward contract exchange rate and the mix of U.S. dollar denominated sales and expenses for the nine-month period ended January 31, 2015, a 5% change in the Canadian dollar against the U.S. dollar would have approximately $108 impact on the Company's pre-tax earnings (2014 – approximately $203).

9.3 Interest rate risk management

The Company's cash equivalents and short-term investments are subject to the risk that investment 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 nine-month period ended January 31, 2015, each 100 basis point variation in the market interest rate is estimated to result in a change of $78 in the Company's investment income (2014 - $66).

9. Financial instruments (continued)

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 January 31, 2015, the allowance for doubtful accounts was $546 (April 30, 2014 - $431).

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's liquidity risk is very limited as its cash, cash equivalents and short-term investments are consistently in excess of the financial liabilities.

The Company is debt-free and has access to financing facilities, which were unused at the end of the reporting period (2014: 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).

Unaudited (in thousands except share and per share amounts)

- 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).

January 31, 2015		**Level 1**		**Level 2**
Short-term investments	**$**	**11,256**	**$**	**-**
Derivative liabilities		**-**		**(9,873)**
	$	**11,256**	**$**	**(9,873)**

April 30, 2014		Level 1		Level 2
Short-term investments	$	12,869	$	-
Derivative assets		-		(2,387)
	$	12,869	$	(2,387)

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.

		January 31, 2015		April 30, 2014
Deferred Share Units	**$**	**175**	$	61
Stock Options		**615**		187
Restricted Share Units		**21**		-
	$	**811**	$	248

11. Impairment loss

During the quarter, due to a decline in the financial performance of the movable walls and rollform segment, the Company carried out a review of the recoverable amount of that segment's long-lived assets. The review led to the recognition of an impairment loss of $1,695, which has been recognized in the condensed interim consolidated statements of operations. The Company estimated the fair value less costs of disposal of the assets, which is based on the recent market prices of assets with similar age and obsolescence. The fair value less costs of disposal is higher than the value in use. The recoverable amount of the assets has been determined on the basis of the fair value less costs of disposals, which equaled $2,829 as at January 31, 2015.

Unaudited (in thousands except share and per share amounts)

12. 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, Chief Financial Officer, VP Manufacturing, VP Product Development and VP Human Resources.

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2015	2014	**2015**	2014
Salaries and short-term benefits	**$ 241**	$ 176	**$ 1,081**	$ 908
Post-employment benefits	**3**	-	**9**	4
Share-based compensation	**318**	(138)	**503**	(54)
	$ 562	$ 38	**$ 1,593**	$ 858

During the quarter, the Company incurred expenses of $143 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. Of the $143, $104 had been paid at the end of the reporting period.

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 January 31, 2015 (January, 2014 – nil).