Condensed Interim Consolidated Financial Statements of

INSCAPE CORPORATION

(Unaudited)

April 30, 2012 and 2011

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

	Note	**April 30 2012**	April 30 2011
ASSETS			(Note 2.2.2)
CURRENT ASSETS			
Cash and cash equivalents		**$ 8,921**	$ 7,545
Short-term investments		**9,387**	19,022
Trade and other receivables		**11,693**	9,099
Inventories	6	**4,293**	3,964
Derivative assets		**1,026**	2,101
Income taxes receivable		**304**	206
Prepaid expenses		**922**	806
		36,546	42,743
NON-CURRENT ASSETS			
Property, plant and equipment		**24,555**	24,060
Intangible assets		**1,004**	907
Derivative assets		**401**	-
Deferred tax assets		**3,035**	1,899
		$ 65,541	$ 69,609
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		**$ 8,500**	$ 8,688
Provisions		**335**	502
		8,835	9,190
RETIREMENT BENEFIT OBLIGATION		**1,977**	2,977
OTHER LONG-TERM OBLIGATIONS		**831**	841
PROVISIONS	8	**248**	358
DEFERRED TAX LIABILITIES		**2,027**	2,309
		13,918	15,675
CAPITAL AND RESERVES			
Issued capital	7	**52,916**	54,166
Contributed surplus	7	**2,637**	1,946
Accumulated other comprehensive (loss) income		**(646)**	(883)
Deficit		**(3,284)**	(1,295)
		51,623	53,934
		$ 65,541	$ 69,609

See accompanying notes to the consolidated financial statements

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

	Note	Three Months Ended April 30, **2012**	2011	Years Ended April 30, **2012**	2011
			(Note 2.2.3)		(Note 2.2.2)
SALES		**$ 17,549**	$ 19,855	**$ 78,944**	$ 87,405
COST OF GOODS SOLD		**14,010**	14,608	**60,947**	61,723
GROSS MARGIN		**3,539**	5,247	**17,997**	25,682
EXPENSES					
Selling, general and administrative		**5,042**	5,526	**21,670**	21,913
Loss on disposals of property, plant and equipment		**261**	-	**424**	-
Unrealized (gain) loss on foreign exchange		**128**	57	**(301)**	102
Unrealized gain on derivatives		**(547)**	(408)	**(146)**	(1,081)
Investment income		**(28)**	(171)	**(414)**	(525)
		4,856	5,004	**21,233**	20,409
(LOSS) INCOME BEFORE TAXES		**(1,317)**	243	**(3,236)**	5,273
INCOME TAX (RECOVERY) EXPENSE		**(596)**	77	**(1,247)**	1,698
NET (LOSS) INCOME		**$ (721)**	$ 166	**$ (1,989)**	$ 3,575
BASIC AND DILUTED (LOSS) INCOME PER SHARE	5	**$ (0.05)**	$ 0.01	**$ (0.14)**	$ 0.24

See accompanying notes to the consoldiated financial statements

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

	Three Months Ended April 30, **2012**	2011	Years Ended April 30, **2012**	2011
				(Note 2.2.2)
NET (LOSS) INCOME	**$ (721)**	$ 166	**$ (1,989)**	$ 3,575
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized gain on derivatives designated as cash flow hedges	**-**	(128)	**-**	78
Reclassification of gains on derivatives to income	**-**	(1,369)	**(207)**	(6,980)
Income tax relating to gains on derivatives	**-**	445	**78**	2,039
Exchange gain (loss) on translating foreign operations	**(105)**	(402)	**366**	(559)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAXES	**(105)**	(1,454)	**237**	(5,422)
TOTAL COMPREHENSIVE LOSS, NET OF TAXES	**$ (826)**	$ (1,288)	**$ (1,752)**	$ (1,847)

See accompanying notes to the consoldiated financial statements

INSCAPE CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)(in thousands of Canadian dollars)
Year Ended April 30, 2012

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss) ("AOCI") Unrealized gain (loss) on derivatives	Accumulated Other Comprehensive Income (Loss) ("AOCI") Cumulative Translation gain (loss)	Deficit	Total Shareholders' Equity
BALANCE - May 1, 2011	**$ 54,166**	**$ 1,946**	**$ 129**	**$ (1,012)**	**$ (1,295)**	**$ 53,934**
Net Loss	**-**	**-**	**-**	**-**	**(1,989)**	**(1,989)**
Other Comprehensive Loss	**-**	**-**	**(129)**	**366**	**-**	**237**
Total Comprehensive Loss	**-**	**-**	**(129)**	**366**	**(1,989)**	**(1,752)**
Share Repurchase	**(1,250)**	**691**	**-**	**-**	**-**	**(559)**
BALANCE - April 30, 2012	**$ 52,916**	**$ 2,637**	**$ -**	**$ (646)**	**$ (3,284)**	**$ 51,623**

Year Ended April 30, 2011

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss) ("AOCI") Unrealized gain (loss) on derivatives	Accumulated Other Comprehensive Income (Loss) ("AOCI") Cumulative Translation gain (loss)	Deficit	Total Shareholders' Equity
BALANCE - May 1, 2010 (Note 2.2.2)	$ 57,059	$ 84	$ 4,992	$ (453)	$ (4,870)	$ 56,812
Net Income (Note 2.2.2)	-	-	-	-	3,575	3,575
Other Comprehensive Loss (Note 2.2.2)	-	-	(4,863)	(559)	-	(5,422)
Total Comprehensive Loss	-	-	(4,863)	(559)	3,575	(1,847)
Share Repurchase	(2,893)	1,862	-	-	-	(1,031)
BALANCE - April 30, 2011 (Note 2.2,2)	$ 54,166	$ 1,946	$ 129	$ (1,012)	$ (1,295)	$ 53,934

See accompanying notes to the consolidated financial statements

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

	Three Months Ended April 30,		Years Ended April 30,	
	2012	2011	**2012**	2011
NET (OUTFLOW) INFLOW OF CASH RELATED TO THE FOLLOWING ACTIVITIES:				
OPERATING ACTIVITIES				
Net (loss) income	**$ (721)**	$ 166	**$ (1,989)**	$ 3,575
Items not affecting cash:				
Amortization	**837**	1,101	**3,823**	3,967
Pension expense	**20**	(15)	**593**	362
Unrealized gain on short-term investments held for trading	**(30)**	48	**(8)**	(25)
Unrealized gain on derivatives	**(547)**	(408)	**(146)**	(1,081)
Deferred income taxes	**(596)**	(198)	**(1,247)**	1,244
Derivative assets and liabilities	**-**	246	**578**	64
Stock based compensation	**(115)**	(179)	**(10)**	450
Unrealized (gain) loss on foreign exchange	**128**	57	**(301)**	102
(Gain) loss on disposal of property, plant and equipment	**424**	(6)	**410**	80
Employer's contribution to pension funds	**(177)**	(204)	**(1,631)**	(760)
Cash (used for) generated from operating activities before non-cash working capital	**(777)**	608	**72**	7,978
Movements in non-cash working capital				
Trade and other receivables	**(1,264)**	2,337	**(2,158)**	1,394
Inventories	**373**	777	**(260)**	478
Prepaid expenses	**(80)**	61	**(114)**	(42)
Accounts payable and accrued liabilities	**(502)**	1,098	**(309)**	1,212
Provisions	**119**	359	**(313)**	359
Income tax receivable	**258**	(163)	**(98)**	345
Cash (used for) generated from operating activities	**(1,873)**	5,077	**(3,180)**	11,724
FINANCING ACTIVITIES				
Share repurchase	**(11)**	(42)	**(559)**	(1,030)
INVESTING ACTIVITIES				
Short-term investments held for trading	**2,589**	(2,110)	**9,643**	(1,924)
Additions to intangible assets & property, plant and equipment	**(762)**	(1,199)	**(4,682)**	(4,058)
Proceeds from disposal of property, plant and equipment	**-**	6	**22**	60
Cash generated from (used for) investing activities	**1,827**	(3,303)	**4,983**	(5,922)
Unrealized foreign exchange gain on cash and cash equivalents	**(50)**	25	**132**	98
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(107)**	1,757	**1,376**	4,870
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	**9,028**	5,788	**7,545**	2,675
CASH AND CASH EQUIVALENTS, END OF PERIOD	**$ 8,921**	$ 7,545	**$ 8,921**	$ 7,545
CASH AND CASH EQUIVALENTS CONSIST OF:				
Cash	**$ 4,092**	$ 3,010	**$ 4,092**	$ 3,010
Cash equivalents	**4,829**	4,535	**4,829**	4,535
	$ 8,921	$ 7,545	**$ 8,921**	$ 7,545
SUPPLEMENTAL INFORMATION				
Income taxes paid net of refund received	**$ (277)**	$ 442	**$ 98**	$ 111

See accompanying notes to the consoldiated financial statements

Notes to the condensed interim consolidated financial statements for the quarter ended April 30, 2012 (Unaudited)

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.

Inscape makes smart workspaces – thoughtfully designed spaces that perform beyond expectations. For over a century, we have collaborated with our clients to provide customized solutions based on their individual needs. Our meticulously engineered system, storage and wall products provide unparalleled flexibility to create unique applications at a lower cost of ownership. Easy reconfiguration and seamless integration with other products means our smart applications will work today and tomorrow.

2. Significant accounting policies

2.1 Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Accounting Standard (”IAS”) 34 Interim Financial Reporting.

The significant accounting policies the Company expects to use in its consolidated financial statements for the year ended April 30, 2012 are adopted in these interim statements. A summary of these significant accounting policies is disclosed in Note 3 of the Company's condensed interim consolidated financial statements for the quarter ended July 31, 2011.

These condensed interim consolidated financial statements were approved by the Board of Directors on June 28, 2012.

2.2 Transition from Canadian GAAP to International Financial Reporting Standards (“IFRSs”)

The Company adopted the Internatinal Financial Reporting Standards (“IFRS”) effective May 1, 2011. A reconciliation of the shareholders' equity, statement of operations, statement of comprehensive loss and statement of changes in shareholders' equity reported in accordance with Canadian GAAP to the equity in accordance with IFRSs at the transition date of May 1, 2010 is disclosed in Note 3.2.1 of the Company's condensed interim consolidated financial statements for the quarter ended July 31, 2011.

2.2 Transition from Canadian GAAP to International Financial Reporting Standards ("IFRSs") (continued)

2.2.2 The following are reconciliations of the shareholders' equity, statement of operations, statement of comprehensive loss and statement of changes in shareholders' equity reported in accordance with Canadian GAAP to the same statements in accordance with IFRSs for the year ended April 30, 2011:

Reconciliation of financial position at April 30, 2011	Note	CGAAP	Effect of transition to IFRS	**IFRS**
ASSETS				
CURRENT				
Cash and cash equivalents		$ 7,545	$ -	**$ 7,545**
Short-term investments		19,022	-	**19,022**
Trade and other receivables		9,099	-	**9,099**
Inventories	i	4,010	(46)	**3,964**
Derivative assets		2,101	-	**2,101**
Income taxes receivable		206	-	**206**
Prepaid expenses	i	815	(9)	**806**
		42,798	(55)	**42,743**
PROPERTY, PLANT AND EQUIPMENT	I & ii	25,209	(1,149)	**24,060**
INTANGIBLE ASSETS	i	912	(5)	**907**
DEFERRED PENSION ASSETS	iii	1,690	(1,690)	**(0)**
DEFERRED TAX ASSETS	vi	1,447	452	**1,899**
		$ 72,056	$ (2,447)	**$ 69,609**
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	iv	$ 9,191	$ (503)	**$ 8,688**
Provisions	iv	-	502	**502**
RETIREMENT BENEFIT OBLIGATION	iii	-	2,977	**2,977**
OTHER LONG-TERM OBLIGATIONS	v	978	(137)	**841**
PROVISIONS	iv	-	358	**358**
DEFERRED INCOME TAX LIABILITIES	vi	3,369	(1,060)	**2,309**
		13,538	2,137	**15,675**
SHAREHOLDERS' EQUITY				
SHARE CAPITAL		54,166	-	**54,166**
CONTRIBUTED SURPLUS		1,946	-	**1,946**
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	i	129	(1,012)	**(883)**
RETAINED EARNINGS (DEFICIT)		2,277	(3,572)	**(1,295)**
		58,518	(4,584)	**53,934**
		$ 72,056	$ (2,447)	**$ 69,609**

Year ended April 30, 2011 (in thousands of Canadian dollars except per share amounts)	**Note**	CGAAP	Effect of transition to IFRS	**IFRS**
SALES		87,405	-	**87,405**
COST OF GOODS SOLD	I,ii,iii & v	62,139	(416)	**61,723**
GROSS MARGIN		25,266	416	**25,682**
EXPENSES				
Selling, general and administrative	iii & v	22,103	(190)	**21,913**
Unrealized foreign exchange loss	i	365	(263)	**102**
Unrealized derivatives gain		(1,081)	-	**(1,081)**
Investment income		(525)	-	**(525)**
		20,862	(453)	**20,409**
INCOME BEFORE TAXES		4,404	869	**5,273**
INCOME TAXES	vi	1,549	149	**1,698**
NET INCOME		2,855	720	**3,575**
BASIC INCOME PER SHARE		$ 0.19		**$ 0.24**
DILUTED INCOME PER SHARE		$ 0.19		**$ 0.24**

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

INSCAPE CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS FOR THE YEAR ENDED APRIL 30, 2011

(in thousands of Canadian dollars)		CGAAP		**IFRS**
NET (INCOME) LOSS		$ 2,855	720	**$ 3,575**
OTHER COMPREHENSIVE LOSS, NET OF TAXES				
Unrealized gains on derivatives designated as cash flow hedges		78	-	**78**
Reclassification of gains on derivatives designated as cash flow hedges to income		(6,980)	-	**(6,980)**
Income tax relating to derivatives		2,039	-	**2,039**
Exchange gain on translating foreign operations	i	-	(559)	**(559)**
			-	
OTHER COMPREHENSIVE LOSS, NET OF TAXES		(4,863)	(559)	**(5,422)**
COMPREHENSIVE LOSS , NET OF TAXES		$ (2,008)	161	**$ (1,847)**

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in thousands of Canadian dollars)
Year Ended April 30, 2011

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss) ("AOCI") Unrealized gain (loss) on derivatives	Accumulated Other Comprehensive Income (Loss) ("AOCI") Cumulative Translation gain (loss)	Deficit	Total Shareholders' Equity
BALANCE - May 1, 2010 per CGAAP	$ 57,059	$ 84	$ 4,992	$ -	$ (578)	$ 61,557
IFRS transition adjustments on May 1, 2010	-	-	-	(453)	(4,292)	(4,745)
Restated balances per IFRS on May 1, 2010	$ 57,059	$ 84	$ 4,992	$ (453)	$ (4,870)	$ 56,812
Net Income per CGAAP	-	-	-	-	2,855	2,855
Net income IFRS adjustments	-	-	-	-	720	720
Other comprehensive loss per CGAAP	-	-	(4,863)	-	-	(4,863)
Other comprehensive loss IFRS adjustments	-	-	-	(559)	-	(559)
Total comprehensive loss	-	-	(4,863)	(559)	3,575	(1,847)
Share Repurchase	(2,893)	1,862	-	-	-	(1,031)
BALANCE - per IFRS April 30, 2011	$ 54,166	$ 1,946	$ 129	$ (1,012)	$ (1,295)	$ 53,934

2.2 Transition from Canadian GAAP to International Financial Reporting Standards ("IFRSs") (continued)

2.2.3 The following are reconciliations of the statement of operations and statement of comprehensive loss reported in accordance with Canadian GAAP to the same statements in accordance with IFRSs for the three months ended April 30, 2011:

Three months ended April 30, 2011 (in thousands of Canadian dollars except per share amounts)	**Note**		CGAAP	Effect of transition to IFRS		**IFRS**
SALES			19,855	-		**19,855**
COST OF GOODS SOLD	I,ii,iii & v		14,722	(114)		**14,608**
GROSS MARGIN			5,133	114		**5,247**
EXPENSES						
Selling, general and administrative	iii & v		5,687	(161)		**5,526**
Unrealized foreign exchange loss	i		216	(159)		**57**
Unrealized derivatives gain			(408)	-		**(408)**
Investment income			(171)	-		**(171)**
			5,324	(320)		**5,004**
INCOME BEFORE TAXES			(191)	434		**243**
INCOME TAXES	vi		15	62		**77**
NET INCOME			(206)	372		**166**
BASIC INCOME PER SHARE		$	(0.01)		**$**	**0.01**
DILUTED INCOME PER SHARE		$	(0.01)		**$**	**0.01**

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

INSCAPE CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED APRIL 30, 2011

(in thousands of Canadian dollars)			CGAAP			**IFRS**
NET (INCOME) LOSS		$	(206)	372	**$**	**166**
OTHER COMPREHENSIVE LOSS, NET OF TAXES						
Unrealized gains on derivatives designated as cash flow hedges			(128)	-		**(128)**
Reclassification of gains on derivatives designated as cash flow hedges to income			(1,369)	-		**(1,369)**
Income tax relating to derivatives			445	-		**445**
Exchange gain on translating foreign operations	i		-	(402)		**(402)**
				-		
OTHER COMPREHENSIVE LOSS, NET OF TAXES			(1,052)	(402)		**(1,454)**
COMPREHENSIVE LOSS , NET OF TAXES		$	(1,258)	(30)	**$**	**(1,288)**

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

2.2 Transition from Canadian GAAP to International Financial Reporting Standards ("IFRSs") (continued)

2.2.4 The conversion to IFRS has no impact on the Company's cash flows. The following is an explanation of the IFRS adjustments noted in the above reconciliations:

(i) Foreign exchange translation

Under Canadian GAAP, the temporal method was used to translate the balance sheet of a U.S. subsidiary, which is an integrating foreign operation of the Company. Under IAS 21 – Foreign Exchange, the subsidiary is assessed to have the U.S. dollar as its functional currency; whereas Canadian dollar is the presentation currency of the Company's consolidated financial statements. Under the circumstances, IAS 21 requires the use of the current rate method to translate all the assets and liabilities of the subsidiary. The adjustments reflect the translation gains or losses, mainly from the translation of the capital assets of the subsidiary at the exchange rate at each reporting date. Under Canadian GAAP, the assets were translated at the historical U.S. exchange rate when they were acquired.

(ii) Capital Assets

IAS 16 – Property, Plant and Equipment requires separate amortization of any significant components of capital assets that have a materially different useful life than the parent assets. The Company determined that the roof is a significant component of the building that has a shorter useful life than the building. This adjustment represents faster depreciation of this component.

(iii) Retirement benefit obligations

Under Canadian GAAP, the Company amortized the actuarial losses and gains of the defined benefit pension plans over the Expected Average Remaining Service Life (EARSAL) of the plan members. On transition to IFRS, the Company elected to recognize all cumulative unamortized actuarial losses and gains in the opening retained earnings as at May 1, 2010.

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(iv) Provisions

Under IFRS, provisions representing liabilities to the Company for which the amount or timing is uncertain need to be presented as a separate item on the Statement of Financial Position. This adjustment represents reclassification of the Company's provisions for warranty expenses, contingent liability for a New York State Workers' Compensation Board assessment (see Note 19 – Contingent Liability) and other legal claims. These provisions were included in the accounts payable and accrued liabilities under Canadian GAAP.

(v) Shared-based payments

Under Canadian GAAP, the obligations for cash settled share-based awards were recognized and remeasured at each reporting period at their intrinsic values. Under IFRS, the obligations are recognized initially at the fair value of the awards when they were granted using the Black-Scholes-Merton Option Pricing Model. The obligations are remeasured at each reporting date based on changes in the fair value of the awards.

(vi) Income taxes

The adjustment reflects the changes in deferred income taxes resulting from the IFRS adjustments noted above.

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.

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.

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.

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

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. Segment information

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

	Three Months Ended April 30,		Years Ended April 30,	
	2012	2011	**2012**	2011
Segment Sales				
Furniture	**$ 15,545**	$ 13,585	**$ 64,930**	$ 62,968
Moveable walls and rollform	**2,004**	6,270	**14,014**	24,437
	$ 17,549	$ 19,855	**$ 78,944**	$ 87,405
Segment Operating (Losses) Profits				
Furniture	**$ 774**	$ (125)	**$ 2,915**	$ 4,041
Moveable walls and rollform	**(1,467)**	888	**(1,871)**	4,843
	(693)	763	**1,044**	8,884
Corporate expenses	**1,071**	1,042	**5,141**	5,115
Unrealized exhange (gain) loss	**128**	57	**(301)**	102
Unrealized derivatives gain	**(547)**	(408)	**(146)**	(1,081)
Investment income	**(28)**	(171)	**(414)**	(525)
(Loss) Income before taxes	**(1,317)**	243	**(3,236)**	5,273
Provision for income taxes	**(596)**	77	**(1,247)**	1,698
Net (loss) income	**$ (721)**	$ 166	**$ (1,989)**	$ 3,575

The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, investment revenue and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

4. Segment information (continued)

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 April 30, 2012	2011
Sales from		
United States	**$ 13,475**	$ 17,167
Canada	**3,814**	1,859
Other	**260**	829
	$ 17,549	$ 19,855

	Years Ended April 30, 2012	2011
Sales from		
United States	**$ 66,149**	$ 75,549
Canada	**11,951**	10,115
Other	**844**	1,741
	$ 78,944	$ 87,405

5. 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.

Numerator	Three Months Ended April 30, 2012	2011
Net (loss) income for the quarter for basic and diluted earnings per share	**$ (721)**	$ 166
Denominator		
Weighted average number of shares outstanding for basic earnings per share	**14,385,368**	14,609,145
Dilution impact of stock options	**34,858**	188,997
Weighted average number of shares outstanding for diluted earnings per share	**14,420,226**	14,798,142

Diluted loss per common share for the three-month period ended April 30, 2012 has not been disclosed as the effect of the conversion would be anti-dilutive.

For the purposes of diluted earnings per share for the quarter ended April 30, 2011, 60,000 potential shares are anti-dilutive and are therefore excluded from the weighted average number of shares

5. Earnings per share (continued)

	Years Ended April 30, 2012	2011
Numerator		
Net (loss) income for the year for basic and diluted earnings per share	**$ (1,989)**	$ 3,575
Denominator		
Weighted average number of shares outstanding for basic earnings per share	**14,461,370**	14,721,144
Dilution impact of stock options	**76,056**	69,609
Weighted average number of shares outstanding for diluted earnings per share	**14,537,426**	14,790,753

Diluted loss per common share for the year ended April 30, 2012 has not been disclosed as the effect of the conversion would be anti-dilutive.

For the purposes of diluted earnings per share for the quarter ended April 30, 2011, 187,500 potential shares are anti-dilutive and are therefore excluded from the weighted average number of shares

6. Inventories

	April 30, 2012	April 30, 2011
Raw materials	**$ 3,113**	$ 2,958
Work-in-progress	**370**	375
Finished goods	**810**	631
	$ 4,293	$ 3,964

7. Issued capital

The authorized share capital of the Company consists of 7,670,881 Class A multiple voting shares and an unlimited number of Class B subordinated voting shares.

Class A multiple voting shares carries ten votes per share. Class B subordinated shares carries one vote per share.

The following is a summary of the changes in issued and outstanding shares of the Company:

Issued	May 1, 2010 Balance	Repurchase	April 30, 2011 Balance	Repurchase	**April 30, 2012 Balance**
Class A multiple voting	5,345,881		5,345,881		**5,345,881**
Class B subordinated voting	9,750,936	(497,657)	9,253,279	(214,959)	**9,038,320**
Total number of shares	15,096,817	(497,657)	14,599,160	(214,959)	**14,384,201**
Class A multiple voting	$ 375	$ -	$ 375	$ -	**$ 375**
Class B subordinated voting	56,684	(2,893)	53,791	(1,250)	**52,541**
	$ 57,059	$ (2,893)	$ 54,166	$ (1,250)	**$ 52,916**

The following is a summary of the changes in contributed surplus:

	May 1, 2010	April 30, 2011	**April 30, 2012**
Balance, beginning of the year	$ 84	$ 84	**$ 1,946**
Share Repurchase :			
Book value of Class B shares	-	2,893	**1,250**
Fair value of Class B shares repurchased	-	993	**549**
	-	1,900	**701**
Share buyback expenses	-	37	**10**
Net surplus on share repurchase	-	1,862	**691**
Balance, end of the year	$ 84	$ 1,946	**$ 2,637**

8. Provisions

	Warranties (i)	NYWCB (ii)	Others (iii)	**Total**
Balance at May 1, 2010	$ 16	$ -	$ 165	**$ 181**
Additional provisions recognized	370	525	10	**905**
Reductions arising from payments	-	(21)	(142)	**(163)**
Reversal of unused amounts	-	-	(24)	**(24)**
Currency exchange (gain) loss	(14)	(25)	-	**(39)**
Balance at April 30, 2011	$ 370	$ 480	$ 10	**$ 860**
Additional provisions recognized	178	-	-	**178**
Reductions arising from payments	(134)	(128)	-	**(262)**
Reversal of unused amounts	(227)	-	(10)	**(237)**
Currency exchange loss	22	22	-	**44**
Balance at January 31, 2012	$ 209	$ 374	$ -	**$ 583**
Current portion	$ 209	$ 126	$ -	**$ 335**
Long-term portion	-	248	-	**248**
	$ 209	$ 374	$ -	**$ 583**

(i) The provision for warranty claims represents the present value of the management's best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranties. The estimate has been made on the basis of potential warranty claims known to the management.

(ii) The NYWCB represents provision for an assessment from the New York State Workers' Compensation Board.

On November 22, 2010, the New York State Workers' Compensation Board (the "NYSWC Board") notified the Company of an assessment of US $784 as the Company's contribution to cover the deficit of the Metal Goods and Manufacturers Self Insurance Trust Fund (the "Fund").

In 2005, the Fund filed a complaint with the New York State Supreme Court alleging that the Company must pay US $70 to cover the Fund's deficit. The Company defended the claim together with 14 other companies that were served the complaint in varying amounts. In 2008, the New York State Supreme Court dismissed the Fund's complaint as without merit. In 2009, the Court rejected the Fund's application for an appeal. The Fund was subsequently dissolved and taken over by the NYSWC Board. In January 2010, the NYSWC Board issued an interim assessment of US $114 for the Fund's deficit and in November 2010 they revised the assessment to US $784.

The Company has signed a Memorandum of Understanding (the "MOU") with the NYSWC Board to provide them interim cash flow funding over an eighteen-month period beginning March 2011. In return, the NYSWC Board will not commence an administrative and/or civil action against the Company and vice-versa during the time the MOU is in effect. Either the NYSWC Board or the Company can terminate the MOU by giving ninety days prior written notice of such termination. Based on the funding provision in the MOU, US $528 was accrued in fiscal year 2011.

(iii) "Others" represent a minor legal claim outstanding at the end of the period.

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:

		April 30, 2012		April 30, 2011
Share Capital	**$**	**52,916**	$	54,166
Contributed Surplus		**2,637**		1,946
Deficit		**(3,284)**		(1,295)
	$	**52,269**	$	54,817

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 any dividends paid to shareholders, return capital to shareholders, or draw on its line of credit.

9.2 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).

9. Financial instruments (continued)

		April 30, 2012				
		Level 1		Level 2		Level 3
Short-term investments	**$**	**9,387**	$	-	$	-
Derivative assets		**-**		**1,427**		-
	$	**9,387**	**$**	**1,427**	$	-

		April 30, 2011				
		Level 1		Level 2		Level 3
Short-term investments	$	19,022	$	-	$	-
Derivative assets		-		2,101		-
	$	19,022	$	2,101	$	-

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

10. Related party transactions

Compensation of key management personnel

The remuneration of directors and other members of key management personnel, including President and Chief Executive Office, Chief Financial Officer, Executive VP Marketing and Product Development, VP Manufacturing and VP Human Resources, during the period was as follows.

		2012		2011
Salaries and short-term benefits	**$**	**1,382**	$	1,858
Post-employment benefits		**15**		26
Share-based payment		**(10)**		450
	$	**1,387**	$	2,334

Decrease in the Company's share price from the beginning of the year and forfeiture resulted in reversals of the share-based compensation expense during the year.