Condensed Interim Consolidated Financial Statements of

INSCAPE CORPORATION

(Unaudited)

April 30, 2016 and 2015

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

	Note	**April 30, 2016**	April 30, 2015
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**$ 5,989**	$ 3,192
Short-term investments		**4,506**	9,832
Trade and other receivables	9.4	**11,225**	11,585
Inventories	7	**4,932**	4,157
Income taxes receivable		**89**	62
Prepaid expenses		**1,019**	677
Derivative assets	9.2	**416**	-
		28,176	29,505
NON-CURRENT ASSETS			
Property, plant and equipment		**16,038**	18,243
Intangible assets		**1,585**	139
Derivative assets	9.2	**290**	-
Deferred tax assets		**695**	695
		$ 46,784	$ 48,582
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		**$ 12,444**	$ 9,546
Provisions	8	**152**	232
Derivative liabilities	9.2	**-**	3,822
		12,596	13,600
DEFERRED TAX LIABILITIES		**1,194**	1,177
DERIVATIVE LIABILITIES	9.2	**-**	123
OTHER LONG-TERM OBLIGATIONS	10	**1,195**	976
RETIREMENT BENEFIT OBLIGATION		**5,272**	2,880
		20,257	18,756
CAPITAL AND RESERVES			
Issued capital		**52,868**	52,868
Contributed surplus		**2,675**	2,675
Accumulated other comprehensive loss		**(3,054)**	(1,009)
Deficit		**(25,962)**	(24,708)
		26,527	29,826
		$ 46,784	$ 48,582

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 April 30, 2016	2015	Years Ended April 30, 2016	2015
SALES	5	**$ 20,480**	$ 12,641	**$ 79,846**	$ 69,424
COST OF GOODS SOLD		**15,272**	11,446	**60,043**	54,616
GROSS PROFIT		**5,208**	1,195	**19,803**	14,808
EXPENSES					
Selling, general and administrative		**6,856**	6,353	**26,162**	22,344
Impairment of long-lived assets	11	**-**	(209)	**-**	1,486
Unrealized loss (gain) on foreign exchange		**518**	341	**(327)**	(633)
Unrealized (gain) loss on derivatives	9	**(7,520)**	(5,928)	**(4,651)**	1,558
Investment income		**(19)**	(67)	**(127)**	(309)
		(165)	490	**21,057**	24,446
INCOME (LOSS) BEFORE TAXES		**5,373**	705	**(1,254)**	(9,638)
INCOME TAXES		**-**	4,101	**-**	3,438
NET INCOME (LOSS)		**$ 5,373**	$ (3,396)	**$ (1,254)**	$ (13,076)
BASIC AND DILUTED INCOME (LOSS) PER SHARE	6	**$ 0.37**	$ (0.24)	**$ (0.09)**	$ (0.91)
SUPPLEMENTAL INFORMATION					
Salaries,wages and benefits included in cost of goods sold		**$ 3,922**	$ 3,737	**$ 16,381**	$ 15,755
Salaries,wages and benefits included in selling, general and administrative		**3,491**	3,281	**13,034**	11,778
Total salaries, wages and benefits		**$ 7,413**	$ 7,018	**$ 29,415**	$ 27,533
Amortization included in cost of goods sold		**$ 465**	$ 545	**$ 1,856**	$ 2,296
Amortization included in selling, general and administrative		**341**	224	**1,056**	793
Total amortization		**$ 806**	$ 769	**$ 2,912**	$ 3,089

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.

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

	Note	Three Months Ended April 30, 2016	2015	Years Ended April 30, 2016	2015
NET INCOME (LOSS)		**$ 5,373**	$ (3,396)	**$ (1,254)**	$ (13,076)
OTHER COMPREHENSIVE LOSS					
Items that may not be reclassified to earnings					
Remeasurement of defined benefit liabilities	3	**(2,065)**	(1,106)	**(2,065)**	(1,106)
Tax relating to remeasurement of defined benefit liabilities		**-**	(278)	**-**	(278)
Total items that may not be reclassified to earnings		**(2,065)**	(1,384)	**(2,065)**	(1,384)
Items that may be reclassified to earnings					
Exchange (loss) gain on translating foreign operations		**(647)**	(655)	**20**	677
OTHER COMPREHENSIVE LOSS		**(2,712)**	(2,039)	**(2,045)**	(707)
TOTAL COMPREHENSIVE LOSS		**$ 2,661**	$ (5,435)	**$ (3,299)**	$ (13,783)

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.

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

			Accumulated Other Comprehensive Income (Loss) ("AOCI")			
Year Ended April 30, 2016	**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	**-**	**-**	**-**	**-**	**(1,254)**	**(1,254)**
Other Comprehensive Income (Loss)	**-**	**-**	**(2,065)**	**20**	**-**	**(2,045)**
Total Comprehensive Loss	**-**	**-**	**(2,065)**	**20**	**(1,254)**	**(3,299)**
BALANCE - April 30, 2016	**$ 52,868**	**$ 2,675**	**$ (3,922)**	**$ 868**	**$ (25,962)**	**$ 26,527**

			Accumulated Other Comprehensive Loss ("AOCI")			
Year Ended April 30, 2015	**Share Capital**	**Contributed Surplus**	**Cumulative Remeasurement of Defined Benefit Liabilities**	**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	-	-	-	-	(13,076)	(13,076)
Other Comprehensive Income (Loss)	-	-	(1,384)	677	-	(707)
Total Comprehensive Loss	-	-	(1,384)	677	(13,076)	(13,783)
BALANCE - April 30, 2015	$ 52,868	$ 2,675	$ (1,857)	$ 848	$ (24,708)	$ 29,826

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.

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

	Note	Three Months Ended April 30, 2016	Three Months Ended April 30, 2015	Years Ended April 30, 2016	Years Ended April 30, 2015
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:					
OPERATING ACTIVITIES					
Net income (loss)		**$ 5,373**	$ (3,396)	**$ (1,254)**	$ (13,076)
Items not affecting cash:					
Amortization and depreciation		**806**	769	**2,912**	3,089
Impairment of long-lived assets	11	**-**	(209)	**-**	1,486
Pension expense		**169**	144	**1,067**	536
Unrealized (gain) loss on short-term investments held for trading		**(38)**	37	**169**	131
Unrealized (gain) loss on derivatives	9.2	**(7,520)**	(5,928)	**(4,651)**	1,558
Deferred income taxes		**-**	4,101	**-**	3,438
Share based compensation		**(83)**	164	**219**	727
Unrealized (loss) gain on foreign exchange		**518**	341	**(327)**	(633)
Loss on disposal of capital assets		**32**	1	**32**	1
Employer's contribution to pension funds		**(104)**	(201)	**(762)**	(595)
Cash used for operating activities before non-cash working capital		**(847)**	(4,177)	**(2,595)**	(3,338)
Movements in non-cash working capital					
Trade and other receivables		**3,804**	43	**861**	(806)
Inventories		**(41)**	(409)	**(743)**	(132)
Prepaid expenses		**25**	58	**(334)**	144
Accounts payable and accrued liabilities		**(403)**	921	**2,655**	21
Provisions		**9**	(19)	**(92)**	(21)
Income tax receivables and payables		**2**	14	**(18)**	32
Cash generated from (used for) operating activities		**2,549**	(3,569)	**(266)**	(4,100)
FINANCING ACTIVITIES					
Issuance of capital stock for stock options		**-**	-	**-**	15
INVESTING ACTIVITIES					
Short-term investments held for trading		**2**	1,387	**5,157**	2,906
Additions to property, plant and equipment & intangible assets		**(388)**	(579)	**(2,069)**	(1,760)
Proceeds from disposal of capital assets		**2**	-	**2**	-
Cash generated from investing activities		**(384)**	808	**3,090**	1,146
Unrealized foreign exchange (loss) gain on cash and cash equivalents		**(363)**	(111)	**(27)**	102
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**1,802**	(2,872)	**2,797**	(2,837)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**4,187**	6,064	**3,192**	6,029
CASH AND CASH EQUIVALENTS, END OF PERIOD		**$ 5,989**	$ 3,192	**$ 5,989**	$ 3,192
CASH AND CASH EQUIVALENTS CONSIST OF:					
Cash		**$ 5,171**	$ 1,617	**$ 5,171**	$ 1,617
Cash equivalents		**818**	1,575	**818**	1,575
		$ 5,989	$ 3,192	**$ 5,989**	$ 3,192

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 June 23, 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		Years Ended April 30,	
	2016	2015	**2016**	2015
Sales from				
United States	**$ 18,720**	11,413	**$ 72,628**	$ 62,460
Canada	**1,750**	1,228	**7,196**	6,921
Other	**10**	-	**22**	43
	$ 20,480	$ 12,641	**$ 79,846**	$ 69,424

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 April 30,		Years Ended April 30,	
	2016	2015	**2016**	2015
Segment Sales				
Furniture	**$ 14,255**	$ 9,080	**$ 57,595**	$ 50,066
Movable walls and rollform	**6,225**	3,561	**22,251**	19,358
	$ 20,480	$ 12,641	**$ 79,846**	$ 69,424
Segment Income (Loss)				
Furniture	**$ (1,091)**	$ (3,688)	**$ (2,422)**	$ (4,068)
Movable walls and rollform	**(557)**	(1,261)	**(3,937)**	(4,954)
	(1,648)	(4,949)	**(6,359)**	(9,022)
Unrealized exchange (loss) gain	**(518)**	(341)	**327**	633
Unrealized gain (loss) on derivatives	**7,520**	5,928	**4,651**	(1,558)
Investment income	**19**	67	**127**	309
Income (Loss) before taxes	**5,373**	705	**(1,254)**	(9,638)
Income taxes recovery	**-**	4,101	**-**	3,438
Net income (loss)	**$ 5,373**	$ (3,396)	**$ (1,254)**	$ (13,076)

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 April 30,	
Numerator	**2016**	2015
Net income (loss) for the quarter for basic and diluted earnings per share	**$ 5,373**	$ (3,396)
Denominator		
Weighted average number of shares outstanding for basic earnings per share	**14,380,701**	14,376,869
Dilution impact of stock options	**246,011**	308,710
Weighted average number of shares outstanding for diluted earnings per share	**14,626,712**	14,685,579

	Years Ended April 30,	
Numerator	**2016**	2015
Net loss for the year for basic and diluted earnings per share	**$ (1,254)**	$ (13,076)
Denominator		
Weighted average number of shares outstanding for basic earnings per share	**14,380,701**	14,375,954
Dilution impact of stock options	**248,176**	107,883
Weighted average number of shares outstanding for diluted earnings per share	**14,628,877**	14,483,837

For the three-month period ended April 30, 2016, 105,066 potential shares are anti-dilutive and are therefore excluded from the weighted average number of shares for the purpose of diluted earnings per share (2015 – 0).
For the year ended April 30, 2016, 105,066 potential shares are anti-dilutive and are therefore excluded from the weighted average number of shares for the purposes of diluted loss per share (2015 – 105,336).

7. Inventories

	April 30, 2016	April 30, 2015
Raw materials	**$ 3,244**	$ 3,092
Work-in-progress	**393**	285
Finished goods	**1,295**	780
	$ 4,932	$ 4,157

The cost of inventories recognized as cost of goods sold was $14,049 (2015 - $10,860) for the three-month period and $55,096 (2015 - $50,436) for the year ended April 30, 2016.

There was an inventory write-down of $4 (2015 - $7) during the three-month period and $87 (2015 - $70) during the year ended April 30, 2016.

Unaudited (in thousands except share and per share amounts)

8. Provisions

		April 30, 2016		April 30, 2015
Provision, beginning of the year	$	**232**	$	230
Additional provisions recognized		**50**		216
Reductions arising from payments		**(84)**		(139)
Reversal of unused amounts		**(58)**		(96)
Currency exchange		**12**		21
Provision, end of the year	$	**152**	$	232

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, 2016		April 30, 2015
Issued capital	$	**52,868**	$	52,868
Contributed surplus		**2,675**		2,675
Deficit		**(25,962)**		(24,708)
	$	**29,581**	$	30,835

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 April 30, 2016, the Company had outstanding U.S. dollar hedge contracts with settlement dates from May 2016 to March 2018. The total notional amounts under the contracts are U.S $46,200 to $57,750 (2015 - $39,750 to $49,500). 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 (2015 - $1.04 CAD/USD to $1.27 CAD/USD).

Unaudited (in thousands except share and per share amounts)

These contracts had a mark-to-market gain of $706 (U.S. $563), which was recognized on the 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 unrealized gain or loss on derivatives of the period.

Total realized loss on derivatives included in sales on the statement of operations was $7,104 for fiscal year 2016 (2015 – loss of $4,550).

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

	Years Ended April 30,	
	2016	2015
Fair value of derivative liabilities, beginning of year	$ **(3,945)**	$ (2,387)
Changes in fair value during the year:		
Decrease in fair value of new contracts added	**-**	(1,938)
Reversal of derivative liabilities of contracts settled	**3,945**	2,601
Increase (decrease) in fair values of outstanding contracts	**706**	(2,221)
Net decrease(increase) in fair value of derivative liabilities recognized during the year	**4,651**	(1,558)
Fair value of derivative assets (liabilities), end of year	$ **706**	$ (3,945)
Current	$ **416**	$ (3,822)
Long-term	**290**	(123)
	$ **706**	$ (3,945)

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 year ended April 30, 2016, a 1% change in the Canadian dollar against the U.S. dollar would have an impact of approximately $98 on the Company's pre-tax earnings (2015 – $101).

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 year ended April 30, 2016, each 100 basis point variation in the market interest rate is estimated to result in a change of $55 in the Company's investment income (2015 - $102).

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.

Unaudited (in thousands except share and per share amounts)

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 April 30, 2016, the allowance for doubtful accounts was $609 (April 30, 2015 - $480).

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 (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).

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

April 30, 2015		Level 1		Level 2		Level 3
Short-term investments	$	9,832	$	-	$	-
Derivative liabilities		-		(3,945)		-
	$	9,832	$	(3,945)	$	-

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

Unaudited (in thousands except share and per share amounts)

10. Other long-term obligations

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

		April 30, 2016		April 30, 2015
Deferred Share Units	$	322	$	208
Stock Options		780		736
Restricted Share Units		93		32
	$	1,195	$	976

11. Impairment loss

During the third quarter of fiscal 2015, 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 was recognized in the condensed interim consolidated statements of operations.

The Company conducted impairment analyses and tests during fiscal year 2016, which indicated that the long-lived assets as at April 30, 2016 were carried at no more than their recoverable amount.

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, Executive VP Sales, VP Operations, VP Product Development and VP Human Resources.

	Three Months Ended				Years Ended April 30,			
		2016		2015		2016		2015
Salaries and short-term benefits	$	450	$	395	$	1,756	$	1,741
Post-employment benefits		6		5		20		14
Share-based compensation		17		143		302		646
	$	473	$	543	$	2,078	$	2,401

During the year, 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 $35 for the three-month period (2015 – $22) and $310 for the year ended April 30, 2016 (2015 - $165).

During the year, 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 $10 for the three-month period (2015 – nil) and $30 for the year ended April 30, 2016 (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 April 30, 2016 (April 30, 2015 – nil).