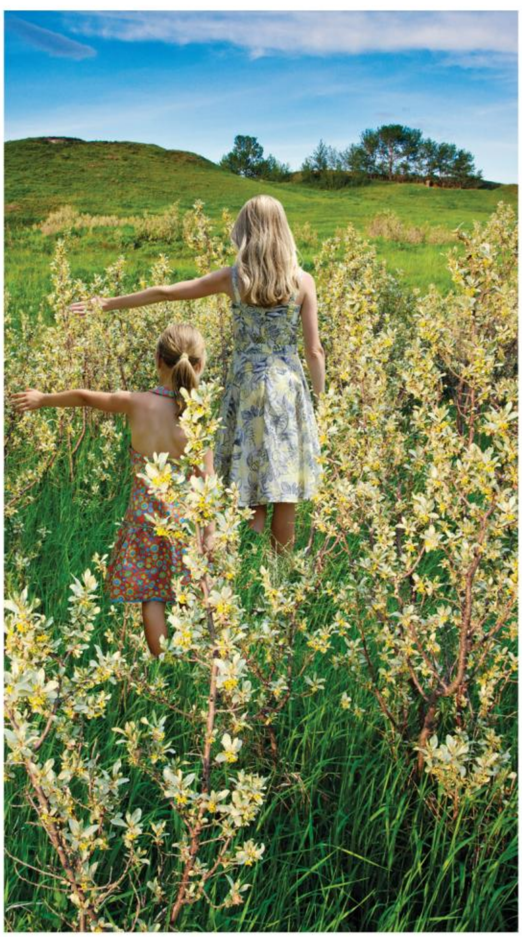


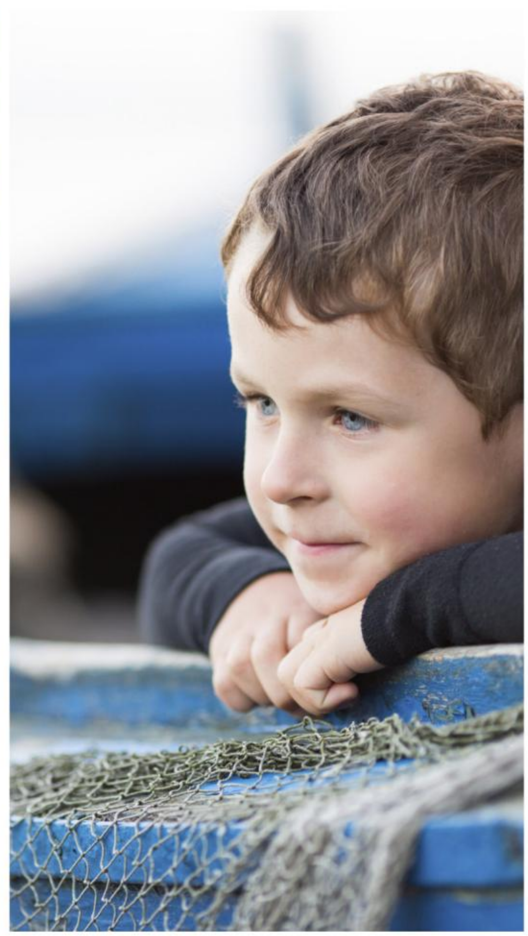
GENESIS LAND DEVELOPMENT CORP.

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013 and 2012

March 28, 2014





GENESIS LAND DEVELOPMENT CORP.
CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013 and 2012

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MANAGEMENT'S REPORT

To the Shareholders of **Genesis Land Development Corp.:**

The consolidated financial statements and all information in the Management's Discussion and Analysis ("MD&A") are the responsibility of management. The consolidated financial statements have been prepared by management in accordance with the accounting policies in the notes to the consolidated financial statements. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality, and are in accordance with International Financial Reporting Standards ("IFRS") appropriate in the circumstances. The financial information in the MD&A has been reviewed by management to ensure consistency with the consolidated financial statements.

Management maintains appropriate systems of internal control. Policies and procedures are designed to give reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records properly maintained to provide reliable information for the preparation of consolidated financial statements.

The consolidated financial statements have been further examined by the Board of Directors and by its Audit Committee, which meets regularly with the auditors and management to review the activities of each. The Audit Committee is composed of three independent directors, and reports to the Board of Directors.

MNP LLP, an independent firm of Chartered Accountants, was engaged to audit the consolidated financial statements in accordance with Canadian generally accepted auditing standards and IFRS to provide an independent auditors' opinion.

/s/ **Bruce Rudichuk**
President & Chief Executive Officer

/s/ **Mark Scott**
Executive Vice President &
Chief Financial Officer

March 28, 2014

Independent Auditors' Report

To the Shareholders of Genesis Land Development Corp.:

We have audited the accompanying consolidated financial statements of Genesis Land Development Corp. and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2013 and 2012 and January 1, 2012, and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years ended December 31, 2013 and 2012, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Genesis Land Development Corp. and its subsidiaries as at December 31, 2013 and 2012 and January 1, 2012, and their financial performance and their cash flows for the years ended December 31, 2013 and 2012 in accordance with International Financial Reporting Standards.

MNP LLP
Chartered Accountants

Calgary, Alberta
March 28, 2014

GENESIS LAND DEVELOPMENT CORP.

CONSOLIDATED BALANCE SHEETS

(In thousands of Canadian dollars)

		December 31		
	Notes	2013	2012[1]	January 1, 2012[1]
Assets				
Real estate held for development and sale	5	**257,420**	264,184	290,512
Investment in joint venture	3, 18	**7,894**	10,680	9,648
Amounts receivable	6	**23,342**	73,239	34,386
Other operating assets	7	**7,115**	16,233	20,936
Deferred tax assets	8	**397**	–	2,859
Cash and cash equivalents		**17,678**	10,005	10,850
Total assets		**313,846**	374,341	369,191
Liabilities				
Loans and credit facilities	9	**50,373**	97,224	86,066
Customer deposits		**5,228**	4,352	7,582
Accounts payable and accrued liabilities		**16,759**	23,559	14,383
Income taxes payable	8	**3,112**	4,617	12,970
Deferred tax liabilities	8	**–**	60	–
Provision for future land development costs		**20,448**	18,220	11,571
Total liabilities		**95,920**	148,032	132,572
Commitments and contingencies	16			
Equity				
Share capital	10, 11	**56,122**	55,844	55,122
Contributed surplus		**5,011**	5,109	4,950
Retained earnings		**134,350**	128,637	119,776
Shareholders' equity		**195,483**	189,590	179,848
Non-controlling interest	22	**22,443**	36,719	56,771
Total equity		**217,926**	226,309	236,619
Total liabilities and equity		**313,846**	374,341	369,191

See accompanying notes to the consolidated financial statements

Loans and credit facilities (note 9)
Subsequent events (note 9, note 24)

[1] *Refer to note 3 and note 23 for change in accounting policy*

ON BEHALF OF THE BOARD:

/s/ **Stephen Griggs**
Chair of the Board

/s/ **Steven Glover**
Chair of the Audit Committee

GENESIS LAND DEVELOPMENT CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands of Canadian dollars except per share amounts)

	Notes	Year ended December 31 2013	2012[1]
Revenues			
Sales revenue		**95,788**	128,648
Other revenue		**289**	812
		96,077	129,460
Cost of sales			
Direct cost of sales		**(69,948)**	(87,263)
Write-down of real estate held for development and sale		**(16,282)**	(33,146)
		(86,230)	(120,409)
Gross margin		**9,847**	9,051
Income from joint venture	3,18	**6,038**	4,505
General and administrative	12	**(11,172)**	(9,294)
Selling and marketing	13	**(2,358)**	(3,948)
Other expenses	14	**(3,187)**	(1,039)
		(16,717)	(14,281)
Operating loss from continuing operations		**(832)**	(725)
Finance income		**508**	724
Finance expense	15	**(1,526)**	(2,660)
Loss before income taxes		**(1,850)**	(2,661)
Income tax expense	8	**(1,963)**	(4,086)
Net loss being comprehensive loss		**(3,813)**	(6,747)
Attributable to non-controlling interest	22	**(9,526)**	(15,608)
Attributable to equity shareholders		**5,713**	8,861
Net earnings per share - basic and diluted		**0.13**	0.20

See accompanying notes to the consolidated financial statements

(1) *Refer to note 3 and note 23 for change in accounting policy*

GENESIS LAND DEVELOPMENT CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2013 and 2012

(In thousands of Canadian dollars except number of shares)

	Equity attributable to Corporation's shareholders						
	Common shares - Issued						
	Number of Shares	Amount	Contributed Surplus	Retained Earnings	Total Shareholders' Equity	Non-Controlling Interest	Total Equity
At January 1, 2012[1]	**44,484,287**	**55,122**	**4,950**	**119,776**	**179,848**	**56,771**	**236,619**
Share-based payments	281,441	722	159	-	881	-	881
Distributions[2]	-	-	-	-	-	(4,444)	(4,444)
Net earnings (loss)[3]	-	-	-	8,861	8,861	(15,608)	(6,747)
At December 31, 2012[1]	**44,765,728**	**55,844**	**5,109**	**128,637**	**189,590**	**36,719**	**226,309**
Share-based payments	95,472	278	(98)	–	180	-	180
Distributions[2]	-	-	-	-	-	(4,750)	(4,750)
Net earnings (loss)[3]	-	-	-	5,713	5,713	(9,526)	(3,813)
At December 31, 2013	**44,861,200**	**56,122**	**5,011**	**134,350**	**195,483**	**22,443**	**217,926**

See accompanying notes to the consolidated financial statements

(1) *Refer to note 3 and note 23 for change in accounting policy*
(2) *Distributions to unit holders of Limited Partnership 6/7*
(3) *Net earnings (loss) being comprehensive earnings (loss)*

GENESIS LAND DEVELOPMENT CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2013 and 2012

(In thousands of Canadian dollars)

	Year ended December 31,	
	2013	**2012[1]**
Operating activities		
Receipts from residential lot and development land sales (note 6)	**87,532**	49,077
Receipts from residential home sales	**67,029**	40,545
Other receipts	**1,210**	6,856
Paid to suppliers for land development	**(39,143)**	(41,560)
Paid to suppliers for residential home construction	**(40,995)**	(38,863)
Paid to other suppliers and employees	**(18,743)**	(10,053)
Interest received	**508**	724
Income taxes paid	**(3,925)**	(9,520)
Cash flows from (used in) operating activities	**53,473**	(2,794)
Investing activities		
Acquisition of property and equipment	**(317)**	(449)
Change in restricted cash	**479**	(3,730)
Distribution received from joint venture	**9,500**	4,000
Proceeds on disposal of property and equipment	**-**	36
Cash from (used in) investing activities	**9,662**	(143)
Financing activities		
Advances from loans and credit facilities	**46,511**	89,941
Repayments of loans and credit facilities	**(94,214)**	(77,906)
Interest and fees paid on loans and credit facilities	**(2,983)**	(6,043)
Distributions to unit holders of limited partnerships	**(4,750)**	(4,444)
Settlement of options	**(237)**	-
Issue of share capital	**211**	544
Cash (used in) from financing activities	**(55,462)**	2,092
Change in cash and cash equivalents	**7,673**	(845)
Cash and cash equivalents, beginning of period	**10,005**	10,850
Cash and cash equivalents, end of period	**17,678**	10,005

See accompanying notes to the consolidated financial statements

[1] *Refer to note 3 and note 23 for change in accounting policy*

1. DESCRIPTION OF BUSINESS

Genesis Land Development Corp. (the "Corporation" or "Genesis") was incorporated as Genesis Capital Corp. under the Business Corporation Act (Alberta) on December 2, 1997. Genesis Land Development Corp. resulted from an amalgamation on January 1, 2002.

The Corporation is engaged in the acquisition, development, and sale of land, residential lots and homes primarily in the greater Calgary area. The Corporation reports its activities as two business segments: land development and home building.

The Corporation is listed for trading on the Toronto Stock Exchange under the symbol "GDC". Genesis' head office and registered office is located at 7315 - 8th Street N.E., Calgary, Alberta T2E 8A2.

The consolidated financial statements of Genesis were approved for issuance by the Board of Directors on March 28, 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Corporation are set out below. These policies have been consistently applied to each of the years presented, unless otherwise indicated.

a) Statement of compliance

The consolidated financial statements of the Corporation are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

b) Basis of presentation

The consolidated financial statements have been prepared under historical cost convention except for the financial assets classified as fair value through profit or loss that have been measured at fair value. The consolidated financial statements are presented in Canadian dollars, and all values are rounded to the nearest thousand, except per share values and where otherwise indicated.

c) Basis of consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiaries, as well as the consolidated revenues, expenses, assets, liabilities and cash flows of limited partnership entities that the Corporation controls. When the Corporation has less than 50% equity ownership in these limited partnership entities, the Corporation may still have control over these entities' activities, projects, financial and operating policies due to contractual arrangements. As such, the relationship between the Corporation and the limited partnership entities indicates that they are controlled by the Corporation. Accordingly, the accounts of the limited partnerships have been consolidated in the Corporation's financial statements.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Corporation obtains control, and continues to be consolidated until the date when such control ceases. Control exists when the Corporation has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefit from its activities. All intra-group transactions, balances, dividends and unrealized gains and losses resulting from intra-group transactions are eliminated on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Corporation and are presented separately from shareholders' equity in the consolidated statements of comprehensive income (loss) and within equity in the consolidated balance sheets. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) **Interest in joint venture**

The Corporation has an interest in a joint venture, Kinwood Communities Inc., which is a jointly controlled entity, by virtue of a contractual arrangement with another party. The Corporation recognizes its interest in the joint venture using the equity method of accounting. Under the equity method of accounting the net assets of the joint venture are presented in a single line "Investment in Joint Venture". The financial statements of the joint venture are prepared for the same reporting period as the Corporation.

All unrealized gains and losses resulting from transactions between the Corporation and the joint venture are eliminated on consolidation. Losses on transactions are recognized immediately if the loss provides evidence of a reduction in the net realizable value of current assets or an impairment loss.

Profits and losses resulting from the transactions with the joint venture are recognized in the Corporation's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Corporation.

e) **Revenue recognition**

(i) Residential lot and development land sales

Land and lot sales to third parties are recognized when the risks and rewards of ownership have been transferred, the agreed-to services pertaining to the property have been substantially performed, a minimum 15% non-refundable deposit has been received, and the collection of the remaining unpaid balance is reasonably assured. Deposits received upon signing of contracts for purchases of lots on which revenue recognition criteria have not been met are recorded as customer deposits.

(ii) Residential home sales

Revenue is recognized when title to the completed home is conveyed to the purchaser, at which time all proceeds are received or collection is reasonably assured.

Deposits received from customers upon signing of contracts for purchases of completed homes for which revenue recognition criteria have not been met are recorded as customer deposits.

(iii) Interest income

Interest income is recognized as it accrues using the effective interest rate method.

(iv) Other revenue

Rental income is recognized on a straight-line basis over the term of the rental agreement. Rental income is incidental to ownership of real estate and does not result in classification of real estate as investment property. All real estate is classified as inventory. Deposits forfeited are recognized as income.

f) **Real estate held for development and sale**

Land under development, land held for future development and housing projects under construction are measured at the lower of cost and estimated net realizable value ("NRV").

Cost includes land acquisition costs, other direct costs of development and construction, borrowing costs, property taxes and legal costs. These costs are allocated to each phase of the project in proportion to saleable acreage. Non-refundable commission paid to sales or marketing agents on the sale of real estate property is expensed when incurred.

Real estate held for development and sale is reviewed at least annually for impairment or whenever events or changes in circumstances indicate the carrying value may exceed NRV. An impairment loss is recognized in the consolidated statements of comprehensive income (loss) when the carrying value exceeds its NRV.

NRV is the estimated selling price in the ordinary course of the business at the balance sheet date, less costs to complete and estimated selling costs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to prepare for its intended use or sale are capitalized as part of the cost of the respective assets. This generally entails a time period of 12 months or more. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of the funds.

The borrowing costs capitalized are determined first by reference to borrowings specific to the project, where relevant, and secondly by applying a weighted average interest rate for the Corporation's non-project specific borrowings, less any investment income arising on temporary investing of funds, to eligible capital assets. Borrowing costs are not capitalized on real estate held for development and sale where no development activity is taking place. Borrowing costs are capitalized from the date of commencement of development work until the date of completion. The capitalization of interest is suspended if the project development is suspended for a prolonged period.

h) Property and equipment

Property and equipment is stated at cost, net of any accumulated depreciation and accumulated impairment losses. Depreciation is provided on all operating property and equipment based on the straight-line method over the estimated useful lives of the property and equipment. The useful lives of the properties are as follows:

- Vehicles and other equipment **5 years**
- Office equipment and furniture **7 years**
- Computer equipment **3 years**
- Leasehold improvements **Lesser of 5 years or remaining term of the lease**

An item of property and equipment is no longer recognized as an asset upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statements of comprehensive income (loss).

All minor repair and maintenance costs are recognized in the consolidated statements of comprehensive income (loss) as incurred. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

i) Income taxes

The Corporation's consolidated financial statements include some entities that are limited partnerships (note 22) and are not subject to income taxes. The income or loss for Canadian tax purposes is attributable to the taxable income of the partners in accordance with the provisions of the Income Tax Act (Canada). The calculation of income tax expense reflects the exclusion of taxable income allocated to partners that form part of the non-controlling interest.

(i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries, using tax rates and laws that are enacted or substantively enacted as at the balance sheet date.

(ii) Deferred tax

Deferred tax is provided using the liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available, against which deductible temporary differences, carried forward tax credits or tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Current and deferred tax, relating to items that are directly recognized in equity, is recognized in equity and not in the consolidated statements of comprehensive income (loss).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Cash and cash equivalents

Cash and cash equivalents consist of cash held with banks and short-term deposits of original maturity of three months or less.

k) Restricted cash

Restricted cash represents funds owed to the Corporation at a future indeterminable date, when development of specific lands commences. Cash is returned to the Corporation upon completion of its development obligation for that property.

l) Leases

Operating lease payments are recognized as an operating expense in the consolidated statements of comprehensive income (loss) on a straight-line basis over the lease term.

m) Share-based payments

The Corporation provides equity-settled share-based payments in the form of a share option plan to its employees, officers and directors. The costs of the share-based payments are calculated by reference to the fair value of the options at the date on which they are granted. The fair values are determined using the Black-Scholes Option-Pricing Model. The costs of the share-based payments are recognized on a proportionate basis over the related vesting period of each tranche of the grant as an expense with recognition of the corresponding increase in contributed surplus. Any consideration paid on the exercise of stock options, together with any contributed surplus at the date the options vested, is credited to the share capital account.

Share-based payments may be settled in cash at the discretion of the Corporation and are accounted for as equity-settled plans. When options are settled in cash, the cash paid reduces the contributed surplus to the extent of previously recognized liability. Amounts paid in excess of previously recognized liability are expensed.

The dilutive effect of outstanding options is reflected in the computation of earnings per share.

n) Financial assets

All financial assets are initially recognized on the consolidated balance sheet at fair value and designated at inception into one of the following classifications: at fair value through profit or loss ("FVTPL"); and loans and receivables. All financial assets are recognized initially on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

Transaction costs related to financial assets classified as FVTPL are expensed, and for all other financial assets they are included in the initial carrying amount.

The financial assets classified as FVTPL are cash and cash equivalents, and deposits and restricted cash. Financial assets at FVTPL include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at FVTPL are carried on the consolidated balance sheet at fair value with changes in fair value recognized in the consolidated statements of comprehensive income (loss).

Financial assets classified as loans and receivables are amounts receivable. Financial assets classified as loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less impairment. The amortization and losses arising from impairment are recognized in the consolidated statements of comprehensive income (loss).

Financial assets are no longer recognized when the contractual rights to the cash flows from the asset expire, or the Corporation transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained is recognized as a separate asset or liability.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events that have had a negative effect on the estimated future cash flows of the asset.

If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the asset, discounted at its original effective interest rate. Impairment losses are recorded in earnings. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed up to the original carrying value of the asset. Any reversal is recognized in earnings.

o) Financial liabilities

The financial liabilities classified as other financial liabilities are accounts payable and accrued liabilities, and loans and credit facilities.

All financial liabilities are initially recognized on the consolidated balance sheet at fair value less directly attributable transaction costs, and designated at inception as other financial liabilities.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are no longer recognized as a liability when the contractual obligations are discharged, cancelled or expire.

Financial assets and financial liabilities are offset and the net amount presented in the consolidated balance sheet when the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

p) Earnings per share

The amount of basic earnings per share is calculated by dividing the comprehensive earnings attributable to equity holders by the weighted average number of shares outstanding during the period. The diluted earnings per share amount is calculated giving effect to the potential dilution that would occur if stock options were exercised. The treasury stock method is used to determine the dilutive effect of stock options. The treasury stock method assumes that proceeds received from the exercise of in-the-money stock options are used to repurchase common shares at the average market price over the year.

q) Provision for future land development costs

The provision for future land development costs represents the construction costs expected to be incurred for each project phase currently under development to the extent that revenue has been recognized. The liability includes all direct construction costs and indirect costs expected to be incurred during the remainder of the construction period net of expected recoveries of certain development costs. The provision for future land development costs are reviewed on a phase by phase basis. When the estimate is known to be different from the actual costs incurred or expected to be incurred, an adjustment is made to the provision for future land development costs and a corresponding adjustment is made to land under development and/or cost of sales.

r) Significant accounting judgments and estimates

The preparation of consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. On an ongoing basis, management evaluates its judgments and estimates in relation to revenues, expenses, assets and liabilities. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The following are the most significant accounting judgments and estimates made by the Corporation in applying accounting policies:

Judgments

(i) Revenue Recognition

Revenue recognition for development lands requires judgment to determine when the risks and rewards of ownership have been transferred. The Corporation reviews each contract and evaluates all the factors to determine the appropriate transfer date.

(ii) Consolidation

The Corporation applies judgment in determining control over certain limited partnerships where the Corporation holds less than 50% equity ownership. The judgment is based on a review of all contractual agreements to determine if the Corporation has control over the activities, projects, financial and operating policies of the limited partnerships.

(iii) Income Taxes

The Corporation applies judgment in determining the total provision for current and deferred taxes. There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain due to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of the business, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable income and expense already recorded.

(iv) Net realizable value

NRV for land and housing projects held for development and sale is estimated with reference to market prices and conditions existing at the balance sheet date. This is determined by the Corporation having considered suitable external advice from independent real estate appraisers and in light of recent market transactions of similar and adjacent lands and housing projects in the same geographic area.

(v) Legal contingencies

The Corporation applies judgment as it relates to the outcome of legal proceedings to determine whether a provision and disclosure in the consolidated financial statements is required. Among the factors considered in making such judgments are the nature of litigation, claim or assessment, the legal process and potential level of damages, the progress of the case, the opinions or views of legal advisers and any decision of the Corporation's management as to how it will respond to the litigation, claim or assessment.

Estimates

(i) Provision for future land development costs

Changes in the estimated future land development costs directly impact the amount recorded for the future development liability, cost of sales, gross margin and, in some cases, the value of real estate under development and held for sale. This liability is subject to uncertainty as it is based on estimates prepared by independent consultants and management.

(ii) Impairment of real estate held for future development and sale

The Corporation estimates the NRV of real estate held for future development and sale at least annually for impairment or whenever events or changes in circumstances indicate the carrying value may exceed NRV. The estimate is based on valuation conducted by independent real estate appraisers and in light of recent market transactions of similar and adjacent lands and housing projects in the same geographic area.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Share-based payments

The Corporation uses an option pricing model to determine the fair value of share-based payments. Inputs to the model are subject to various estimates about volatility, interest rates, dividend yields, forfeiture rates and expected life of the units issued. Fair value inputs are subject to market factors as well as internal estimates. The Corporation considers historic trends together with any new information to determine the best estimate of fair value at the date of grant.

(iv) Valuation of amounts receivables

Amounts receivable are reviewed on a regular basis to estimate recoverability of balances. Any amounts becoming overdue and any known issues about the financial condition of debtors are taken into account when estimating recoverability.

3. CHANGE IN ACCOUNTING POLICY

The Corporation changed accounting for its interest in a joint venture from proportionately consolidated accounting to the equity method of accounting beginning January 1, 2013. This is required under IFRS 11, "Joint Arrangements", issued on May 12, 2011, which replaces IAS 31, "Interest in Joint Ventures". The standard is effective for annual periods beginning on or after January 1, 2013. The new standard redefines joint operations and joint ventures, requiring joint operations to be proportionately consolidated and joint ventures to be equity accounted. Under IAS 31, joint ventures could be proportionately consolidated. The Corporation has applied IFRS 11 beginning on January 1, 2013 with retrospective application from the date of earliest period presented which is January 1, 2012. This change in accounting policy reduced total assets, total liabilities, revenues and expenses but had no impact on the Corporation's net assets, net earnings, cash flows or earnings per share.

Refer to note 23 for the summarized adjustments made to the Corporation's consolidated balance sheets at January 1, 2012 and December 31, 2012, its consolidated statements of comprehensive income (loss) and cash flows for the year ended December 31, 2012.

4. STANDARDS AND AMENDMENTS TO EXISTING STANDARDS EFFECTIVE JANUARY 1, 2013

The Corporation adopted new IFRSs and interpretations as of January 1, 2013, as noted below:

i) Application of new and revised IFRSs on consolidation, joint arrangements, associates and disclosures

The Corporation has applied the requirements of IFRS 10 "Consolidated Financial Statements" ("IFRS 10"), IFRS 11 and IFRS 12 "Disclosures of Interests in Other Entities" ("IFRS 12") as well as the consequential amendments to IAS 27 (as revised in 2011) "Separate Financial Statements" ("IAS 27") and IAS 28 (as revised in 2011) "Investments in Associates" ("IAS 28") in the current period.

The impact of the application of these standards is set out below.

Impact of the application of IFRS 10

As a result of the adoption of IFRS 10, the Corporation has changed its accounting policies with respect to determining whether it has control over and consequently consolidates its investees. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In accordance with the transitional provisions of IFRS 10, the Corporation has re-assessed the control conclusion for its investees at January 1, 2013 and concluded that the new standard will not change its control conclusion in respect of its investment in its subsidiaries.

Impact of the application of IFRS 11

Refer to note 3, Change in Accounting Policy, for a description of and the impact of the adoption of IFRS 11.

Impact of the application of IFRS 12

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in additional disclosures in the consolidated financial statements.

4. STANDARDS AND AMENDMENTS TO EXISTING STANDARDS EFFECTIVE JANUARY 1, 2013 (continued)

Impact of the application of IAS 28

IAS 28 was amended in 2011 and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. Under IFRS 11, the Corporation determined that its joint venture has to be consolidated under the equity method as described by IAS 28. This change in accounting policy reduced total assets, total liabilities, revenues and expenses but had no impact on the Corporation's net assets, net earnings, cash flows or earnings per share.

ii) Application of IFRS 13 "Fair Value Measurement"

The Corporation has applied the requirements of IFRS 13 "Fair Value Measurement" ("IFRS 13") in the current period. IFRS 13 improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. In general, the application of IFRS 13 has resulted in additional disclosures in the consolidated financial statements as set out in note 17.

There are no other standards, interpretations or amendments to existing standards that are effective that would be expected to have a significant impact on the Corporation.

RECENT ACCOUNTING PRONOUNCEMENTS

The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Corporation:

i) IFRS 9, "Financial Instruments"

On November 12, 2009, the IASB issued IFRS 9, "Financial Instruments" ("IFRS 9"), which will replace IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39"). The standard was to be effective for annual periods beginning on or after January 1, 2015. In February 2014, the IASB tentatively decided the mandatory effective date of the final IFRS 9 would now be January 1, 2018. The final standard is expected in mid-2014. IFRS 9 applies to classification and measurement of financial assets as defined in IAS 39. It uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. The Corporation is currently evaluating the impact of IFRS 9 on its financial statements.

ii) IAS 36, "Impairment of Assets" – Amendments to IAS 36

The amended standard requires entities to disclose the recoverable amount of an impaired Cash Generating Unit (CGU). The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014 and require retrospective application. This standard is not expected to have an impact on the Corporation's financial position or performance.

iii) IFRS 2, "Share-based payment"

"Annual Improvements to IFRSs 2010–2012 Cycle" was issued in December 2013. The definitions of 'vesting conditions' and 'market condition' were amended and the definitions of 'performance condition' and 'service condition' were added. An entity is required to prospectively apply that amendment to share-based payment transactions for which the grant date is on or after 1 July 2014. The Corporation will apply the improvements on share-based payment transactions, if any, made on or after July 1, 2014.

iv) IFRIC 21, "Levies"

In May 2013, the IASB issued IFRIC 21, "Levies" ("IFRIC 21") which provides guidance on accounting for levies in accordance with the requirements of IAS 37, "Provisions, Contingent Liabilities and Contingent Assets". The interpretation clarifies that an entity is to recognize a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is to be accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. IFRIC 21 is effective for annual period commencing on or after January 1, 2014 and require retrospective application. The Corporation is currently evaluating the impact of IFRIC 21 on its financial statements.

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

5. REAL ESTATE HELD FOR DEVELOPMENT AND SALE

	Land Under Development	Land Held for Future Development	Home Building	Total	Limited Partnerships	Consolidated Total
Gross book value						
As at January 1, 2012[(1)]	135,956	77,820	10,422	**224,198**	77,068	**301,266**
Transfers	(17,393)	(1,938)	19,331	**-**	-	**-**
Acquisitions	-	-	23,914	**23,914**	-	**23,914**
Development	57,743	3,055	10,370	**71,168**	882	**72,050**
Sold	(52,285)	-	(33,407)	**(85,692)**	(3,454)	**(89,146)**
As at December 31, 2012[(1)]	124,021	78,937	30,630	**233,588**	74,496	**308,084**
Transfers	(2,950)	(11,390)	14,340	**-**	-	**-**
Acquisitions	-	-	6,521	**6,521**	-	**6,521**
Development	40,998	4,403	34,699	**80,100**	99	**80,199**
Sold	(21,907)	-	(55,295)	**(77,202)**	-	**(77,202)**
As at December 31, 2013	140,162	71,950	30,895	**243,007**	74,595	**317,602**
Provision for write-downs						
As at January 1, 2012	3,296	4,072	-	**7,368**	3,386	**10,754**
Write-downs	1,849	16,419	-	**18,268**	14,878	**33,146**
As at December 31, 2012	5,145	20,491	-	**25,636**	18,264	**43,900**
Write-downs	646	7,539	-	**8,185**	8,097	**16,282**
As at December 31, 2013	5,791	28,030	-	**33,821**	26,361	**60,182**
Net book value						
As at January 1, 2012[(1)]	132,660	73,748	10,422	**216,830**	73,682	**290,512**
As at December 31, 2012[(1)]	118,876	58,446	30,630	**207,952**	56,232	**264,184**
As at December 31, 2013	134,371	43,920	30,895	**209,186**	48,234	**257,420**

[(1)] 2012 information has been restated to reflect the changes due to the adoption of IFRS 11 as summarized in note 3

During the year ended December 31, 2013, interest of $3,763 (2012 - $4,464) and other carrying costs of $Nil (2012 - $5), respectively, were capitalized.

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

6. AMOUNTS RECEIVABLE

	2013	**2012**
Agreements receivable	**21,796**	64,096
Mortgages receivable	**1,524**	9,501
Other receivables	**314**	1,285
	23,634	74,882
Allowance for doubtful accounts	**(292)**	(1,643)
	23,342	73,239

Agreements receivable for lot sales are secured by the underlying real estate assets and have various terms of repayment. Purchasers generally have between six and 24 months to pay the balance owing for the purchased lots. Agreements receivable as at December 31, 2012, include a receivable from one customer amounting to $27,714 which was realized in the current year on January 10, 2013. Certain agreements receivable and all mortgages receivable are interest bearing.

7. OTHER OPERATING ASSETS

	2013	**2012**
Deposits	**5,004**	4,989
Prepayments	**151**	1,151
Restricted cash	**1,324**	9,615
Property and equipment	**636**	478
	7,115	16,233

Deposits include amounts paid to development authorities as security to guarantee the completion of construction projects under development and deposits on future land acquisitions. The deposits are refundable upon completion of the related projects and earn interest at rates approximating those earned on guaranteed investment certificates. The Corporation has further provided letters of credit as security to guarantee the completion of construction projects (see note 16 (d) for further details). Restricted cash is held in trust accounts.

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

8. INCOME TAXES

(a) Income tax was recognized in the consolidated statements of comprehensive income as follows:

	2013	2012
Current income tax	**2,420**	1,167
Deferred tax relating to origination and reversal of temporary differences	**(457)**	2,919
	1,963	4,086

(b) Income tax expense differed from that which would be expected from applying the combined statutory Canadian federal and provincial income tax rates of 25% (2012 – 25%) to loss before income taxes. The difference resulted from the following:

	2013	2012
Loss before income taxes	**(1,850)**	(2,661)
Statutory tax rate	**25.0%**	25.0%
Expected income tax expense	**(463)**	**(665)**
Share-based payment transactions	**52**	84
Other non-deductible (recoveries) expenses	**(8)**	765
Non-controlling interest	**2,382**	3,902
Tax expense for the year	**1,963**	4,086

(c) The deferred tax assets (liabilities) of the Corporation were as follows:

	2013	2012
Deferred tax assets	**3,806**	6,420
Deferred tax liabilities	**(3,409)**	(6,480)
	397	(60)

(d) The components of the deferred tax asset (liability) were as follows:

	2013	2012
Real estate held for development and sale	**2,413**	2,845
Non-capital loss carry-forwards*	**84**	497
Reserves from land sales	**(3,409)**	(4,532)
Unamortized financing costs	**1,299**	1,090
Other temporary differences	**10**	40
	397	(60)

**Non-capital loss carry-forward amounts begin to expire 2028*

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

8. INCOME TAXES (continued)

The components of the deferred tax asset (liability) recognized in the consolidated statement of comprehensive income (loss) were as follows:

	2013	2012
Real estate held for development and sale	**(432)**	270
Non-capital loss carry-forwards*	**(413)**	345
Reserves from land sales	**1,123**	(4,421)
Unamortized loan and credit facilities costs	**209**	827
Other temporary differences	**(30)**	60
	457	(2,919)

**Non-capital loss carry-forward amounts begin to expire 2028*

(e) The movement in income tax payable for the year was as follows:

	2013	2012
Balance as at January 1	**4,617**	12,970
Provision	**2,420**	1,167
Payments	**(3,925)**	(9,520)
Balance as at December 31	**3,112**	4,617

9. LOANS AND CREDIT FACILITIES

	2013	2012[(1)]
Secured by land under development and agreements receivable		
I. Land project loans, payable on collection of agreements receivable, bearing interest at rates ranging from prime +1.25% to the greater of 7.2% or prime +4.2% (the loan bearing interest at the greater of 7.2% or prime +4.2% was paid in full subsequent to the year end), secured by land held for development and sale with a carrying value of $126,516, due between March 1, 2014 and December 1, 2015.	**32,759**	82,918
Secured by housing projects under development		
II. Demand operating line of credit up to $3,000, bearing interest at prime +1.5% per annum, secured by a general security agreement over assets of the home building division.	**2,305**	2,281
III. Projects loans, payable on collection of closing proceeds, bearing interest of prime +1.50%, secured by home building projects with a carrying value of $13,369, due by December 10, 2014.	**8,716**	6,487
Secured by land held for future development - Limited Partnership		
IV. Land loan, bearing interest at the greater of 7.2% or prime +4.2% per annum, secured by land held for development and sale with a carrying value of $15,121 maturing March 1, 2014. The loan was renewed subsequent to the year end.	**7,850**	7,850
	51,630	99,536
Deferred loans and credit facilities fees	**(1,257)**	(2,312)
	50,373	97,224

(1) 2012 information has been restated to reflect the changes due to the adoption of IFRS 11 as summarized in note 3

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

9. LOANS AND CREDIT FACILITIES (continued)

The weighted average interest rate of loan agreements was 5.83% (December 31, 2012 - 6.25%), based on December 31, 2013 balances.

During the year ended December 31, 2013, the Corporation received advances of $46,511 (2012 - $89,941) relating to various new and renewed loan facilities secured by real estate held for development and sale, and agreements receivable, bearing interest ranging from prime + 1.25% to the greater of 7.2% or prime + 4.2% per annum, with due dates ranging from March 1, 2014 to December 1, 2015.

Based on the contractual terms, the Corporation's loans and credit facilities are to be repaid within the following time periods (excluding deferred financing fees):

January 1, 2014 to December 31, 2014	36,159
January 1, 2015 to December 31, 2015	15,471
	51,630

The Corporation has various covenants in place with its lenders with respect to certain contracted credit facilities. Such covenants include: other credit usage restrictions; cancellation, prepayment, confidentiality and cross default clauses; sales coverage requirements; conditions precedent for funding; and other general understandings such as, but not limited to, maintaining contracted lot prices, restrictions on encumbrances, liens and charges, material changes to project plans, and changes in the Corporation's ownership structure. In addition, the Corporation has a secured revolving operating line repayable on demand to be used for its construction and serviced lot operations. This line has a financial covenant requiring that Genesis Builders Group Inc., the single-family home building business, maintain a net worth of at least $11.5 million at all times. Net worth, a non-IFRS financial measure, is defined as "Retained Earnings plus Shareholders Loans plus Due to Related Parties (excluding lot payables to related parties) minus Due from Related Parties".

As at December 31, 2013 and as at December 31, 2012, the Corporation and its subsidiaries were in compliance with all covenants.

10. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares
Unlimited number of preferred shares

(b) Weighted average number of shares

The following table sets forth the weighted average number of common shares outstanding for the year ended December 31, 2013 and 2012:

	Year ended December 31,	
	2013	**2012**
Basic	**44,838,401**	44,664,086
Effect of dilutive securities - stock options	**61,920**	110,537
Diluted	**44,900,321**	44,774,623

In calculating diluted earnings per share for the year ended December 31, 2013, the Corporation excluded 235,000 options (2012 – 760,500) as their exercise prices were greater than the average market price of the Corporation's shares during those periods.

The Corporation has not issued any preferred shares.

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

11. STOCK OPTIONS

The Corporation has established a stock option plan for employees, officers, and directors of the Corporation to purchase common shares. Vesting provisions and exercise prices are set at the time of issuance by the Board of Directors. Options vest over a number of years on various anniversary dates from the date of the original grant.

The options must be issued at not less than the fair market value of the common shares at the date of grant and are issued with terms not exceeding five years from the date of grant.

Details of outstanding stock options were as follows:

	Year ended December 31,			
	2013		2012	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding - beginning of period	**1,231,722**	**$3.21**	1,788,221	$3.60
Options granted	**435,000**	**$3.43**	400,000	$3.35
Options exercised	**(95,472)**	**$2.21**	(281,441)	$1.93
Options expired	**(60,000)**	**$6.97**	(281,500)	$6.63
Options forfeited	**(61,500)**	**$3.45**	(356,808)	$3.73
Options settled in cash	**(389,250)**	**$2.77**	(36,750)	$2.01
Outstanding - end of period	**1,060,500**	**$3.32**	1,231,722	$3.21

	Outstanding		Exercisable		
Range of Exercise Prices ($)	Number at December 31, 2013	Weighted Average Exercise Price	Number at December 31, 2013	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years
0.01 - 3.00	**51,500**	$2.01	**51,500**	$2.01	0.91
3.01 - 4.00	**1,009,000**	$3.39	**574,000**	$3.38	3.45
	1,060,500	$3.32	**625,500**	$3.27	3.33

There were 435,000 options granted during the year ended December 31, 2013 (2012 – 400,000) with an average fair value of $0.81 per share (2012 - $1.03).

The fair value of each option granted was estimated on the date of grant using the Black-Scholes Option-Pricing Model with the following assumptions:

	2013	2012
Risk-free interest rate	**0.99 - 1.24%**	1.12 - 1.16%
Estimated term period prior to exercise (years)	**2.50**	2.50
Volatility in the price of the Corporation's common shares	**34.46 - 38.27%**	45.44 - 51.40%
Forfeiture rate	**24.22%**	19.42 - 24.22%
Dividend yield rate	**0.00%**	0.00%

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

12. GENERAL AND ADMINISTRATIVE

The general and administrative expense of the Corporation consisted of the following:

	2013	2012
Corporate administration	**2,132**	1,967
Compensation and benefits (note 20)	**7,450**	4,981
Professional services	**1,590**	2,346
	11,172	9,294

13. SELLING AND MARKETING

Selling and marketing expenses of the Corporation consisted of the following:

	2013	2012
Advertising and marketing	**2,023**	3,530
Showhome expenses	**335**	418
	2,358	3,948

14. OTHER EXPENSES

Other expenses of the Corporation consisted of the following:

	2013	2012
Proxy contest costs	**2,889**	-
Share-based payments	**206**	337
Depreciation	**159**	336
Bad debt (recovery) expense	**(82)**	314
Other expenses	**15**	52
	3,187	1,039

15. FINANCE EXPENSE

The finance expense of the Corporation consisted of the following:

	2013	2012
Interest expense	**3,771**	5,686
Loans and credit facilities fees	**1,518**	1,438
Interest and loans and credit facilities fees capitalized	**(3,763)**	(4,464)
	1,526	2,660

16. COMMITMENTS AND CONTINGENCIES

(a) The Corporation has been named as a co-defendant in a statement of claim filed on May 10, 2011 in the province of Ontario (the "Action"). The plaintiff asserts that they contributed funds to a third party entity (one of the co-defendants), and through that entity, has an interest in LPLP 2007 (note 22). The plaintiff is seeking $10,700 plus punitive damages relating to the ownership interests of LPLP 2007. The Corporation recognizes LPLP 2007's non-controlling interest in these consolidated financial statements. The Action against the Corporation has been discontinued pursuant to a court order in the Action dated February 12, 2014 and issuance of a signed release from all claims relating to the Action by the plaintiff. A cross claim against the Corporation by the third party co-defendant for $400 remains extant. The amount of additional liability, if any, which exceeds the non-controlling interest, is currently indeterminate.

(b) The Corporation has entered into a memorandum of understanding with the Northeast Community Society, whereby the Corporation will contribute $5,000 for the naming rights to "Genesis Centre for Community Wellness", a recreation complex in northeast Calgary ($500 each year, terminating October 31, 2021). The first two installments totaling $1,000 were made through 2013.

(c) On February 19, 2008, the Corporation entered into an agreement with the City of Airdrie, whereby the Corporation will contribute $2,000 for the naming rights to "Genesis Place", a recreation complex in the city of Airdrie ($200 each year, terminating June 1, 2017). The first six installments totaling $1,200 were made through 2013.

(d) The Corporation has issued letters of credit pursuant to service agreements with municipalities to indemnify them in the event that the Corporation does not perform its contractual obligations. As of December 31, 2013, the letters of credit amounted to $6,279 (December 31, 2012 – $3,801).

(e) On July 15, 2011, a joint venture (note 18) obtained a credit facility in the amount of $17,000. The Corporation and a joint venture partner have each provided guarantees for 50% of this facility. The current balance of the credit facility is $Nil (2012 - $10,036).

(f) Pursuant to the terms of a participating mortgage that was repaid during 2002, the former mortgage holders have the right to a 20% participation in the profits from the development of approximately 39 acres of land under development. At December 31, 2013, a liability of approximately $3,298 (December 31, 2012 - $3,051) was recorded. The Corporation is selling lots in the last phase covered under this development. The payout of the 20% participation to the participants will be made on completion of the sale of lots in the last phase and collection of related proceeds along with an accounting of all related costs.

(g) The Corporation has office and other operating leases with the following annual payments: not later than one year - $869; later than one year but not later than five years - $2,222; and later than five years - $Nil.

(h) LPLP 2007 has a credit facility in the amount of $7,850 included in loans and credit facilities balance in the consolidated financial statements. The Corporation has provided a guarantee for this facility.

17. FINANCIAL INSTRUMENTS

(a) **Risks associated with financial instruments**

(i) *Credit risk*

As at December 31, 2013, the Corporation carried $292 (2012 - $1,643) as allowance for doubtful accounts.

The Corporation recognizes bad debt expense or recovery relating to amounts receivable on sold lots, net of the return of the real estate held for development and sale. These lots are taken back into the Corporation's lot inventory. The difference between an impaired amount receivable and the related bad debt expense or recovery is the cost of a lot for which impairment has been assessed.

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

17. FINANCIAL INSTRUMENTS (continued)

During the years ended December 31, 2013 and 2012, the Corporation recognized the following bad debt expense and change in allowance for doubtful accounts relating to amounts receivable on sold lots, net of the return of the real estate held for development and sale:

	2013	2012
Balance as at January 1	**1,643**	-
Recovery	**(1,269)**	-
Allowance	**-**	1,329
Bad debt (recovery) expense	**(82)**	314
As at December 31	**292**	1,643

Further allowances may be necessary. In order to mitigate credit risk, the Corporation retains title to sold residential lots until full payment is received.

Aging of amounts receivable was as follows:

	2013	2012
Not past due	**20,405**	73,094
Past due 0 - 90 days	**1,700**	145
Past due 91 -120 days	**387**	927
Past due 121 -270 days	**850**	716
> 270 days	**292**	-
	23,634	74,882
Allowance for doubtful accounts	**(292)**	(1,643)
	23,342	73,239

Individual balances due from customers as at December 31, 2013, which comprise greater than 10% of total amounts receivable, totaled $19,877 from four customers (December 31, 2012 - $35,450 from two customers).

(ii) Liquidity risk

The following were the contractual maturities of financial liabilities and other commitments as at December 31, 2013:

	< 1 Year	> 1 Year	Total
Financial liabilities			
Accounts payable and accrued liabilities	16,759	-	**16,759**
Loans and credit facilities excl. deferred fees (note 9)	36,159	15,471	**51,630**
	52,918	15,471	**68,389**
Commitments			
Lease obligations (note 16)	869	2,222	**3,091**
Naming rights (note 16)	700	4,100	**4,800**
	54,487	21,793	**76,280**

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

17. FINANCIAL INSTRUMENTS (continued)

At December 31, 2013, the Corporation had obligations due within the next 12 months of $54,487 (2012 - $46,824). Based on the Corporation' operating history, its relationship with its lenders and committed sales contracts, management believes that the Corporation has the ability to continue to renew or repay its financial obligations as they come due.

(iii) Market risk

The Corporation is exposed to interest rate risk to the extent that certain agreements receivable and certain loans and credit facilities are at a floating rate of interest. The Corporation is also exposed to fair value risk to the extent that certain loans and credit facilities, mortgages receivable and loans receivable are at a fixed rate of interest. A 1% change in interest rates would result in a change in interest incurred of approximately $516 annually on floating rate loans.

(b) **Fair value of financial instruments**

The fair values of cash and cash equivalents, restricted cash, accounts payable and accrued liabilities approximate their carrying values as they are expected to be settled within twelve months. The fair value of deposits approximates their carrying value as the terms of deposits are the comparable to the market terms for similar instruments.

The fair values of the Corporation's deposits, loans and credit facilities and amounts receivable were estimated based on current market rates for loans of the same risk and maturities.

	December 31, 2013		December 31, 2012	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Fair value through profit and loss				
Cash and cash equivalents	**17,678**	**17,678**	10,005	10,005
Deposits	**5,004**	**5,004**	4,990	4,990
Restricted cash	**1,324**	**1,324**	9,615	9,615
Loans and receivables				
Amounts receivable	**23,342**	**22,750**	73,239	71,668
Other financial liabilities				
Accounts payable and accrued liabilities	**16,759**	**16,759**	23,559	23,559
Loans and credit facilities, excl. deferred loans and credit facilities fees	**51,630**	**51,554**	99,536	98,385

Fair value measurements recognized in the consolidated balance sheet are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values. The three fair value hierarchy levels are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

Cash and cash equivalents, deposits, and restricted cash are classified under Level 1 of the hierarchy and their fair value approximates the carrying value due to the short term nature of the financial instruments.

The fair values of the Corporation's amounts receivable and of loans and credit facilities were estimated based on current market rates for loans of the same risk and maturities. These are classified as Level 2 of the hierarchy. Accounts payable and accrued liabilities are classified under Level 2 of the hierarchy and their fair value approximates the carrying value due to the short term nature of the financial instruments.

During the year ended December 31, 2013 no transfers were made between the levels in the fair value hierarchy.

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

17. FINANCIAL INSTRUMENTS (continued)

(c) Capital management

The Corporation's policy is to maintain a sufficient capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. The Corporation is not subject to externally imposed capital requirements.

The Corporation manages its capital structure and makes adjustments to it in light of changes in regional economic conditions and the risk characteristics of the underlying real estate industry within that region.

The Corporation considered its capital structure at the following dates to specifically include:

	December 31, 2013	December 31, 2012
Loans and credit facilities	**50,373**	97,224
Shareholders' equity	**195,483**	189,590
	245,856	286,814

The Corporation continues to evaluate the need to leverage its land assets to secure sufficient loans and credit facilities to ensure the Corporation is able to meet its financial obligations as they come due.

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

18. JOINT VENTURE

The Corporation formed a joint venture ("JV") on April 30, 2010, for the purpose of acquiring, developing and selling certain real estate. Refer to note 3 for the effects of change in accounting policy.

The following tables summarize the financial information of the JV and reconcile the summarized financial information to the carrying amount of the Corporation's interest in the JV, which is accounted for using the equity method.

	December 31		
	2013	**2012**	**January 1, 2012**
Assets			
Real estate held for development and sale	22,478	30,446	40,324
Amounts receivable	25,272	30,680	18,130
Other operating assets	–	-	10
Cash and cash equivalents	656	-	–
Total assets	**48,406**	**61,126**	**58,464**
Liabilities			
Loans and credit facilities	-	10,036	4,330
Accounts payable and accrued liabilities	4,228	2,973	4,064
Land development service costs	20,640	11,633	9,260
Total liabilities	**24,868**	**24,642**	**17,654**
Net assets	**23,538**	**36,484**	**40,810**
Corporation's share of net assets (50%)	11,769	18,242	20,405
Deferred gain and JV profit	(3,875)	(7,562)	(10,757)
Carrying amount on the consolidated balance sheets	7,894	10,680	9,648

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

18. JOINT VENTURE (continued)

	Year ended December 31,	
	2013	**2012**
Revenues		
Residential lot sales	**36,276**	20,266
Development land sales	**–**	7,860
	36,276	28,126
Cost of sales		
Residential lots	**(28,558)**	(15,756)
Development land	**–**	(7,464)
	(28,558)	(23,220)
General and administrative	**(2,034)**	(1,538)
Finance income	**368**	306
Earnings being comprehensive income	**6,052**	**3,674**
Corporation's share of earnings and comprehensive income (50%)	**3,026**	1,837
Deferred gain recognized	**3,688**	3,196
Deferred margin from JV on lots sold	**(676)**	(528)
Amount on consolidated statements of comprehensive income	**6,038**	4,505

	Year ended December 31,	
	2013	**2012**
Cash flows from operating activities	**29,693**	2,293
Cash flows (used in) financing activities	**(29,037)**	(2,293)
Net change in cash and cash equivalents	**656**	-

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

18. JOINT VENTURE (continued)

	Investment in JV	Income from JV
As at December 31, 2011	20,405	-
Gain deferred on lands sold to JV	(13,167)	-
Deferred gain recognized	2,410	-
At January 1, 2012	9,648	-
Share of net income in JV	1,837	1,837
Deferred gain recognized	3,195	3,196
Deferred margin from JV on lots sold	-	(528)
Distribution received	(4,000)	-
At December 31, 2012	10,680	4,505
At January 1, 2013	10,680	-
Share of net income in JV	3,026	3,026
Deferred gain recognized	3,688	3,688
Deferred margin from JV on lots sold	-	(676)
Distribution received	(9,500)	-
At December 31, 2013	7,894	6,038

The Corporation's transactions with the JV are limited to the purchase of home building lots. During the year ended December 31, 2013 the JV sold 44 lots (2012 - 21) to Genesis Builders Group Inc. ("GBG"), a wholly owned subsidiary of the Corporation, for $8,096 (2012 - $3,880). The Corporation's accounts payable and accrued liabilities as at December 31, 2013 included $6,477 (December 31, 2012 - $6,740), related to the purchase of home building lots.

The Corporation deferred $13,167 when it contributed its share of land to the JV in 2010. As at December 31, 2013, the Corporation had realized $9,292 of that amount as a result of sales to third parties (2012 – $5,605). The remaining amount of $3,875 will be realized on future sale and development of lots and lands by the JV.

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

19. SEGMENTED INFORMATION

The Corporation operates in two reportable segments, land development and home building, which represent separately managed strategic business units with distinct marketing strategies. The Corporation evaluates segment performance based on earnings or loss before income taxes. Inter-segment sales are accounted for as if the sale were to third parties at current market prices. Internal lot sales from the land segment to the home building segment or a limited partnership have been eliminated and are not included in consolidated results until the home is sold to a third party purchaser.

The income producing business units of the Corporation reported the following activities for the year ended December 31, 2013 and 2012:

	Land Development Segment			Home Building Segment	Intersegment Elimination	
Year ended December 31, 2013	**Genesis**	**LP**	**Total**			**Total[3]**
Revenues	47,380	105	47,485	63,570	(14,978)	96,077
Cost of sales	(27,902)	(10)	(27,912)	(55,831)	13,795	(69,948)
Write-down of real estate	(8,185)	(8,097)	(16,282)	-	-	(16,282)
Gross margin	11,293	(8,002)	3,291	7,739	(1,183)	9,847
Income from JV	6,038	-	6,038	-	-	6,038
Proxy contest costs	(2,889)	-	(2,889)	-	-	(2,889)
G&A, selling & marketing, other expenses[1]	(6,863)	(1,681)	(8,544)	(7,485)	1,183	(14,846)
Earnings (loss) before income taxes and non-controlling interest	7,579	(9,683)	(2,104)	254	-	7,997
Segmented assets	221,290	53,596	274,886	47,338	(8,378)	313,846
Segmented liabilities	50,050	8,433	58,483	42,354	(4,917)	95,920
Net assets	171,240	45,163	216,403	4,984	(3,461)	217,926

	Land Development Segment			Home Building Segment	Intersegment Elimination	
Year ended December 31, 2012[2]	**Genesis**	**LP**	**Total**			**Total[3]**
Revenues	96,042	4,778	100,820	39,497	(10,857)	129,460
Cost of sales	(57,334)	(3,498)	(60,832)	(34,817)	8,396	(87,263)
Write-down of real estate	(18,268)	(14,878)	(33,146)	-	-	(33,146)
Gross margin	20,440	(13,598)	6,842	4,680	(2,461)	9,051
Income from JV	4,505	-	4,505	-	-	4,505
G&A, Selling and marketing, other expenses[1]	(10,547)	(1,771)	(12,318)	(6,370)	2,471	(16,217)
Earnings (loss) before income taxes and non-controlling interest	14,398	(15,369)	(971)	(1,690)	-	(2,661)
Segmented assets	272,198	66,102	338,300	42,165	(6,124)	374,341
Segmented liabilities	107,005	8,057	115,062	39,110	(6,140)	148,032
Net assets	165,193	58,045	223,238	3,055	16	226,309

(1) Includes other expenses, finance expense and finance income
(2) 2012 information has been restated to reflect the changes due to the adoption of IFRS 11 as summarized in note 3
(3) In view of the current strategic direction, cash and cash equivalents are no longer managed as a corporate asset and are now presented under the relevant segment. The Corporate segment has therefore been removed.

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

20. RELATED PARTY TRANSACTIONS

Remuneration of the directors and other members of the key management personnel were as follows:

	2013	2012
Short-term benefits	**2,848**	1,433
Share-based payments	**204**	190
	3,052	1,623

Short-term benefits for 2013 included an amount of $609 paid out as severance to an-ex CEO of the Corporation.

An officer of a lender and significant shareholder served as a director from July 12, 2012 until September 4, 2013. The lender and the Corporation were consequently considered related parties for this period during which $4,748 of interest and fees were paid to the lender. Of this amount $1,244 relates to 2013 and $3,504 relates to 2012. The related debt was in place prior to the director assuming office on July 12, 2012 and no new financing or refinancing occurred subsequent to July 12, 2012. All transactions were agreed to under normal commercial terms and conditions.

The Corporation is the general partner in four limited partnership arrangements (note 22) and a 50% partner in the joint venture (note 18).

21. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

22. CONSOLIDATED ENTITIES

Details of each of the limited partnerships are as follows:

Limited partnerships 4/5 (LP 4/5):

LP 4/5 holds land held for future development located east of Calgary in the Municipal District of Rocky View, adjacent to the Corporation's Taralake lands. No capital repayments are required with respect to LP 4/5.

The Corporation has a nominal ownership interest in LP 4 and is entitled to a management fee of 10% of the future development service costs payable on a per-lot basis as lots are sold.

Limited partnerships 6/7 (LP 6/7):

LP 6/7 holds land under development located in Airdrie. All required capital repayments have been made to unit holders in LP 6/7.

The Corporation is entitled to management fees of 10% of the gross proceeds of the LP 6 offering memorandum payable to the Corporation as lands and lots are sold. The Corporation also owns 11.75% of LP 6's units and participates proportionately in the profits of the partnership.

Limited partnerships 8/9 (LP 8/9):

L/P 8/9 holds 1,140 acres of raw land near Radium, British Columbia. The Corporation held a purchase right to acquire all LP 8/9 units by February 28, 2009, which it did not exercise. Therefore, all LP unit holders are entitled to share in the profits and losses of the development.

The project lands have approval for 272 single-family home sites on 53 acres, and 143 acres have been set aside for a golf course. Upon achieving and exceeding a 50% gross return to the LP 8/9 unit holders, the Corporation is entitled to 50% of the remaining profits on the single-family lots. The Corporation is also entitled to 100% of the profit on the golf course, and retains the right to purchase the balance of the lands at the conclusion of the project for a nominal amount. Additionally, the Corporation has a nominal ownership interest in LP 8 and is responsible for securing financing for the project development.

22. CONSOLIDATED ENTITIES (continued)

Limited Partnership Land Pool 2007 (LPLP 2007):

On June 29, 2007, LPLP 2007 was created to raise funds to secure funding for various land acquisitions. At the conclusion of the offering on February 28, 2009, LPLP 2007 had raised insufficient funds to close out the purchase of the lands and settle the land acquisition loan the entity used to acquire the Delacour Lands. As a result, the Corporation completed the transaction with its own funds and assumed the loan obligations of LPLP 2007.

The Corporation has no ownership interest in LPLP 2007. However, as manager of LPLP 2007 properties, the Corporation is entitled to a management fee of 50% of the proceeds from the sale of any land parcels owned by LPLP 2007, provided that the limited partners receive sale proceeds equal to 150% of the acquisition cost of that land parcel.

LPLP 2007 has a loan amounting to $21,167 (2012 - $19,481) due to the Corporation. The loan is secured by a charge on land held by LPLP 2007.

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

22. CONSOLIDATED ENTITIES (continued)

All entities are incorporated in Canada and are listed in the following table:

	% equity interest as at	
Name	**December 31, 2013**	**December 31, 2012**
Land Development		
Genpol Inc.	**100%**	100%
Genpol LP	**100%**	100%
1504431 Alberta Ltd.	**0.0002%**	0.0002%
Genesis Sage Meadows Partnership	**99.9998%**	99.9998%
Polar Hedge Enhanced Income Trust	**100%**	100%
New View Consulting Ltd.	**100%**	100%
No. 114 Corporate Ventures Ltd.	**100%**	100%
Buena Vista Ranches Ltd.	**100%**	100%
Home Building		
Single-Family		
Genesis Builders Group Inc.	**100%**	100%
Multi-Family		
The Breeze Inc.	**100%**	100%
Generations Group of Companies Inc.	**100%**	100%
Life at Solana Inc.	**100%**	100%
Life at Waterstone Inc.	**100%**	100%
Montura Inc. (previously Life at Skye Inc.)	**100%**	100%
Joint Venture		
Kinwood Communities Inc.	**50%**	50%
Limited Partnerships		
LP 4/5 Group		
Genesis Limited Partnership #4	**0.001%**	0.001%
Genesis Limited Partnership #5, GLP5 GP Inc., GLP5 NE Calgary Development Inc.	**0%**	0%
Genesis Northeast Calgary Ltd.	**100%**	100%
LP 6/7 Group		
Genesis Limited Partnership #6	**11.75%**	11.75%
Genesis Limited Partnership #7, GP GLP7 Inc., GLP7 Subco Inc.	**0%**	0%
LP 8/9 Group		
Genesis Limited Partnership #8	**0.23%**	0.23%
Genesis Limited Partnership #9, GP GLP9 Inc., GLP9 Subco Inc.	**0%**	0%
GP GLP8 Inc.	**100%**	100%
LPLP 2007 Group		
Limited Partnership Land Pool (2007)	**0%**	0%
GP LPLP 2007 Inc.	**100%**	100%
GP RRSP 2007 Inc., LPLP 2007 Subco Inc., GP RRSP 2007 #2 Inc.	**0%**	0%
LPLP 2007 Subco #2 Inc., LP RRSP Limited Partnership #1	**0%**	0%
LP RRSP Limited Partnership #2	**0%**	0%

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

22. CONSOLIDATED ENTITIES (continued)

The following tables summarize the information relating to the Corporation's subsidiaries that have material non-controlling interests (NCI) before any intra-group eliminations:

	December 31, 2013				
	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	Total
Assets					
Real estate held for development and sale	7,922	6,615	4,219	33,870	**52,626**
Other operating assets	-	418	-	-	**418**
Cash and cash equivalents	-	439	1	112	**552**
Total assets	7,922	7,472	4,220	33,982	**53,596**
Liabilities					
Loans and credit facilities	-	-	-	7,843	**7,843**
Customer deposits	-	-	-	2	**2**
Accounts payable and acccrued liabilities	-	418	-	169	**587**
Due to related parties	160	201	470	21,167	**21,998**
Total liabilities	160	619	470	29,181	**30,430**
Net assets	7,762	6,853	3,750	4,801	**23,166**
Non-controlling interest (%)	100.00%	88.25%	100.00%	100.00%	

	December 31, 2012				
	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	Total
Assets					
Real estate held for development and sale	7,822	8,212	4,530	40,059	**60,623**
Amounts receivable	-	4,876	-	-	**4,876**
Other operating assets	-	210	-	-	**210**
Cash and cash equivalents	-	314	1	79	**394**
Total assets	7,822	13,612	4,531	40,138	**66,103**
Liabilities					
Loans and credit facilities	-	-	-	7,798	**7,798**
Customer deposits	-	-	-	2	**2**
Accounts payable and acccrued liabilities	3	219	3	34	**259**
Due to related parties	70	189	448	19,481	**20,188**
Total liabilities	73	408	451	27,315	**28,247**
Net assets	7,749	13,204	4,080	12,823	**37,856**
Non-controlling interest (%)	100%	88.25%	100%	100%	

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

22. CONSOLIDATED ENTITIES (continued)

	January 1, 2012				
	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	Total
Assets					
Real estate held for development and sale	7,709	10,584	6,696	54,537	**79,526**
Amounts receivable	-	5,248	–	2	**5,250**
Other operating assets	-	-	2	-	**2**
Cash and cash equivalents	-	698	2	32	**732**
Total assets	7,709	16,530	6,700	54,571	**85,510**
Liabilities					
Loans and credit facilities	-	-	-	7,694	**7,694**
Customer deposits	1	-	-	28	**29**
Accounts payable and acccrued liabilities	-	25	-	-	**25**
Due to related parties	1	650	444	17,772	**18,867**
Total liabilities	2	675	444	25,494	**26,615**
Net assets	7,707	15,855	6,256	29,077	**58,895**
Non-controlling interest (%)	100%	88.25%	100%	100%	

	Year ended December 31, 2013				
	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	Total
Revenues	19	265	–	86	**370**
Net earnings (loss) being comprehensive income (loss)	12	(1,342)	(331)	(8,022)	**(9,683)**
Non-controlling interest (%)	100%	88.25%	100%	100%	

	Year ended December 31, 2012				
	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	Total
Revenues	50	5,044	–	124	**5,218**
Net earnings (loss) being comprehensive income (loss)	43	2,027	(2,175)	(15,265)	**(15,370)**
Non-controlling interest (%)	100%	88.25%	100%	100%	

(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)

22. CONSOLIDATED ENTITIES (continued)

	Year ended December 31, 2013				
	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	Total
Cash flows from operating activities	–	5,134	–	33	**5,167**
Cash flows used in financing activities	–	(5,009)	–	–	**(5,009)**
Net increase in cash and cash equivalents	**–**	**125**	**–**	**33**	**158**

	Year ended December 31, 2012				
	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	Total
Cash flows from operating activities	–	4,292	–	47	**4,339**
Cash flows used in financing activities	–	(4,676)	–	–	**(4,676)**
Net (decrease) increase in cash and cash equivalents	**–**	**(384)**	**–**	**47**	**(337)**

23. CHANGE IN ACCOUNTING POLICY – RECONCILIATIONS

The following tables summarize the adjustments made to the Corporation's balance sheets at January 1, 2012 and December 31, 2012, its statement of comprehensive income (loss) and cash flows for the year ended December 31, 2012.

CONSOLIDATED BALANCE SHEET
(In thousands of Canadian dollars)

	January 1, 2012		
	Previously reported	**Adjustments**	**As restated**
Assets		(a), (b)	
Real estate held for development and sale	299,916	(9,404)	290,512
Investment in joint ventures	–	9,648	9,648
Amounts receivable	43,451	(9,065)	34,386
Other operating assets	20,942	(6)	20,936
Deferred tax assets	2,859	–	2,859
Cash and cash equivalents	10,850	–	10,850
Total assets	**378,018**	**(8,827)**	**369,191**
Liabilities			
Loans and credit facilities	88,231	(2,165)	86,066
Customer deposits	7,582	–	7,582
Accounts payable and accrued liabilities	16,415	(2,032)	14,383
Income taxes payable	12,970	–	12,970
Land development service costs	16,201	(4,630)	11,571
Total liabilities	**141,399**	**(8,827)**	**132,572**
Equity			
Share capital	55,122	–	55,122
Contributed surplus	4,950	–	4,950
Retained earnings	119,776	–	119,776
Shareholders' equity	179,848	–	179,848
Non-controlling interest	56,771	–	56,771
Total equity	**236,619**	–	**236,619**
Total liabilities and equity	**378,018**	**(8,827)**	**369,191**

23. CHANGE IN ACCOUNTING POLICY – RECONCILIATIONS (continued)

CONSOLIDATED BALANCE SHEET
(In thousands of Canadian dollars)

	December 31, 2012		
	Previously reported	**Adjustments**	**As restated**
Assets		(a), (b)	
Real estate held for development and sale	271,845	(7,661)	264,184
Investment in joint ventures	–	10,680	10,680
Amounts receivable	85,230	(11,991)	73,239
Other operating assets	16,237	(4)	16,233
Cash and cash equivalents	10,005	–	10,005
Total assets	**383,317**	**(8,976)**	**374,341**
Liabilities			
Loans and credit facilities	102,242	(5,018)	97,224
Customer deposits	4,352	–	4,352
Accounts payable and accrued liabilities	21,309	2,250	23,559
Income taxes payable	4,617	–	4,617
Deferred tax liabilities	60	–	60
Land development service costs	24,428	(6,208)	18,220
Total liabilities	**157,008**	**(8,976)**	**148,032**
Equity			
Share capital	55,844	–	55,844
Contributed surplus	5,109	–	5,109
Retained earnings	128,637	–	128,637
Shareholders' equity	189,590	–	189,590
Non-controlling interest	36,719	–	36,719
Total equity	**226,309**	–	**226,309**
Total liabilities and equity	**383,317**	**(8,976)**	**374,341**

23. CHANGE IN ACCOUNTING POLICY – RECONCILIATIONS (continued)

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
(In thousands of Canadian dollars except per share amount)

	Year ended December 31, 2012		
	Previously reported	**Adjustments**	**As restated**
Revenues		(a), (c)	
Residential lot sales	51,933	(8,193)	43,740
Development land sales	49,389	(3,929)	45,460
Residential home sales	39,448	–	39,448
Other revenue	812	–	812
	141,582	(12,122)	129,460
Cost of sales			
Residential lots[1]	(24,412)	4,458	(19,954)
Development lands[1]	(38,694)	2,544	(36,150)
Residential homes[1]	(31,159)	–	(31,159)
Impairment of real estate held for development and sale[1]	(33,146)	–	(33,146)
	(127,411)	7,002	(120,409)
Gross margin	14,171	(5,120)	9,051
Equity income from joint venture	–	4,505	4,505
General and administrative[1]	(10,064)	770	(9,294)
Selling and marketing[1]	(3,948)	–	(3,948)
Other expenses	(1,039)	–	(1,039)
	(15,051)	770	(14,281)
Operating earnings from continuing operations	(880)	155	(725)
Finance income	862	(138)	724
Finance expense	(2,643)	(17)	(2,660)
Earnings before income taxes	**(2,661)**	**–**	**(2,661)**
Income taxes	(4,086)	–	(4,086)
Net earnings being comprehensive loss	**(6,747)**	**–**	**(6,747)**
Attributable to non-controlling interest	(15,608)	–	(15,608)
Attributable to equity shareholders	**8,861**	**–**	**8,861**
Net earnings per share - basic and diluted	**0.20**	**–**	**0.20**

[1] *Certain comparative figures have been reclassified to conform to the current year's presentation.*

23. CHANGE IN ACCOUNTING POLICY – RECONCILIATIONS (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of Canadian dollars except per share amount)

	Year ended December 31, 2012		
	Previously reported	Adjustments	As restated
Operating activities		(a), (d)	
Cash receipts from residential lot and development land	61,933	(12,856)	49,077
Cash receipts from residential home sales	40,545	-	40,545
Other cash receipts	6,856	-	6,856
Cash paid to suppliers for land development	(51,360)	9,800	(41,560)
Cash paid to suppliers for residential home construction	(37,909)	(954)	(38,863)
Cash paid to other suppliers and employees	(13,079)	3,026	(10,053)
Interest received	862	(138)	724
Income taxes paid	(9,520)	-	(9,520)
	(1,672)	(1,122)	(2,794)
Investing activities			
Acquisition of property and equipment	(449)	-	(449)
Change in restriced cash	(3,724)	(6)	(3,730)
Distribution received from joint venture	-	4,000	4,000
Proceeds on disposal of property and equipment	36	-	36
	(4,137)	3,994	(143)
Financing activities			
Advances from loans and credit facilities	102,303	(12,362)	89,941
Repayments of loans and credit facilities	(87,396)	9,490	(77,906)
Interest and loans and credit facilities fees paid	(6,043)	-	(6,043)
Distributions to unit holders of limited partnerships	(4,444)	-	(4,444)
Issue of share capital	544	-	544
	4,964	(2,872)	2,092
Change in cash and cash equivalents	**(845)**	**-**	**(845)**
Cash and cash equivalents, beginning of period	10,850	-	10,850
Cash and cash equivalents,end of period	**10,005**	**-**	**10,005**

23. CHANGE IN ACCOUNTING POLICY – RECONCILIATIONS (continued)

(a) This change in accounting policy reduced total assets, total liabilities, revenues and expenses but had no impact on the Corporation's net assets, net earnings, cash flows or earnings per share.

(b) Equity accounting presents the net assets of the joint venture in a single line "Investment in Joint Venture". The change from proportionate consolidation therefore results in the reduction of various asset and liability line items. There has been no change in the Corporation's shareholders' equity as a result of adoption of IFRS 11.

(c) The changes made to the consolidated statements of comprehensive income has resulted in the removal of various line items that were consolidated under the proportionate method and by bringing in the Corporation's share of the net income of the joint venture into a single line, "Equity income from joint venture". There has been no change in the net earnings or comprehensive income of the Corporation as a result of adoption of IFRS 11.

(d) The changes made to the consolidated balance sheets and statements of comprehensive income due to the adoption of IFRS 11 has resulted in reclassification of various amounts on the consolidated statements of cash flows but has no impact on actual cash flows of the Corporation.

24. SUBSEQUENT EVENTS

The Corporation was named as a co-defendant in a statement of claim filed on May 10, 2011 in the province of Ontario for $10,700 plus punitive damages (the "Action"). The Action against the Corporation has been discontinued pursuant to a court order in the Action dated February 12, 2014 and issuance of a signed release from all claims relating to the Action by the plaintiff. Refer to note 16 (a) for further details.

The Corporation closed the sale of a 121.91 acre industrial site (Acheson) located in Parkland County, west of Edmonton, Alberta for $14,000 on February 28, 2014. The proceeds from the sale were used to retire approximately $6.5 million of related property debt and the balance was used for general corporate purposes.