



**GENESIS LAND DEVELOPMENT CORP.**

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**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three and six months ended June 30, 2015 and 2014  
(Unaudited)

**SECOND QUARTER**

**GENESIS LAND DEVELOPMENT CORP.**  
**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS**  
(Unaudited)  
(In thousands of Canadian dollars)

	Notes	June 30, 2015	December 31, 2014
<b>Assets</b>			
Real estate held for development and sale	3	286,159	240,123
Investment in joint venture	9	3,831	3,560
Amounts receivable		10,972	17,660
Other operating assets		16,379	13,993
Deferred tax assets		3,635	1,358
Cash and cash equivalents		3,975	33,048
<b>Total assets</b>		<b>324,951</b>	<b>309,742</b>
<b>Liabilities</b>			
Loans and credit facilities	4	49,387	23,892
Customer deposits		5,287	5,515
Accounts payable and accrued liabilities		25,380	22,683
Income taxes payable		1,365	4,433
Provision for future land development costs		19,173	21,945
<b>Total liabilities</b>		<b>100,592</b>	<b>78,468</b>
Commitments and contingencies	7		
<b>Equity</b>			
Share capital	5, 6	56,393	56,393
Contributed surplus		5,456	5,349
Retained earnings		147,752	146,359
<b>Shareholders' equity</b>		<b>209,601</b>	<b>208,101</b>
Non-controlling interest		14,758	23,173
<b>Total equity</b>		<b>224,359</b>	<b>231,274</b>
<b>Total liabilities and equity</b>		<b>324,951</b>	<b>309,742</b>

See accompanying notes to the condensed consolidated interim financial statements

Subsequent events (note 12)

**GENESIS LAND DEVELOPMENT CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE (LOSS) INCOME**  
(Unaudited)

**For the three and six months ended June 30, 2105 and 2014**

*(In thousands of Canadian dollars except per share amounts)*

	Notes	Three months ended June 30,		Six months ended June 30,	
		2015	2014	2015	2014
<b>Revenues</b>					
Sales revenue		31,672	34,626	47,410	72,428
Other revenue		150	139	185	324
		<b>31,822</b>	34,765	<b>47,595</b>	72,752
Direct cost of sales		(21,708)	(24,661)	(32,790)	(54,810)
(Write-down)/recovery of real estate held for development and sale		(11,261)	4,361	(11,261)	4,361
		<b>(32,969)</b>	(20,300)	<b>(44,051)</b>	(50,449)
<b>Gross margin</b>		<b>(1,147)</b>	14,465	<b>3,544</b>	22,303
Income from joint venture	9	600	2,390	772	2,619
General and administrative		(3,246)	(3,248)	(6,523)	(6,291)
Selling and marketing		(1,447)	(1,564)	(2,364)	(2,738)
		<b>(4,093)</b>	(2,422)	<b>(8,115)</b>	(6,410)
Operating (loss) earnings from operations		<b>(5,240)</b>	12,043	<b>(4,571)</b>	15,893
Finance income		29	81	53	201
Finance expense		(952)	(290)	(1,974)	(583)
(Loss) earnings before income taxes		<b>(6,163)</b>	11,834	<b>(6,492)</b>	15,511
Income tax expense		(426)	(1,933)	(530)	(3,124)
Net (loss) earnings being comprehensive (loss) earnings		<b>(6,589)</b>	9,901	<b>(7,022)</b>	12,387
Attributable to non-controlling interest		(7,922)	2,670	(8,415)	2,216
<b>Attributable to equity shareholders</b>		<b>1,333</b>	7,231	<b>1,393</b>	10,171
Net earnings per share – basic and diluted		<b>0.03</b>	0.16	<b>0.03</b>	0.23

See accompanying notes to the condensed consolidated interim financial statements

**GENESIS LAND DEVELOPMENT CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**

(Unaudited)

**For the three and six months ended June 30, 2015 and 2014**

(In thousands of Canadian dollars except number of shares)

	Equity attributable to Corporation's shareholders					Non-Controlling Interest	Total Equity
	Common shares – Issued		Contributed Surplus	Retained Earnings	Total Shareholders' Equity		
	Number of Shares	Amount					
<b>At December 31, 2013</b>	44,861,200	56,122	5,011	134,350	195,483	22,443	217,926
Share-based payments	20,000	53	117	-	170	-	170
Dividends	-	-	-	(5,386)	(5,386)	-	(5,386)
Net earnings <sup>(1)</sup>	-	-	-	10,171	10,171	2,216	12,387
<b>At June 30, 2014</b>	44,881,200	56,175	5,128	139,135	200,438	24,659	225,097
<b>At December 31, 2014</b>	44,931,200	56,393	5,349	146,359	208,101	23,173	231,274
Share-based payments	-	-	107	-	107	-	107
Net earnings (loss) <sup>(1)</sup>	-	-	-	1,393	1,393	(8,415)	(7,022)
<b>At June 30, 2015</b>	44,931,200	56,393	5,456	147,752	209,601	14,758	224,359

See accompanying notes to the condensed consolidated interim financial statements

<sup>(1)</sup> Net (loss) earnings being comprehensive (loss) earnings

**GENESIS LAND DEVELOPMENT CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Unaudited)  
**For the three and six months ended June 30, 2015 and 2014**  
*(In thousands of Canadian dollars)*

	Notes	Three months ended June 30,		Six months ended June 30,	
		2015	2014	2015	2014
<b>Operating activities</b>					
Receipts from residential lot and development land sales		3,482	6,825	7,286	29,193
Receipts from residential home sales		30,224	26,490	45,491	40,505
Other receipts		451	139	865	303
Paid for land development		(9,228)	(5,768)	(15,163)	(7,641)
Paid for land acquisition		-	-	(10,000)	-
Paid for residential home construction		(16,106)	(9,823)	(28,879)	(19,379)
Paid to suppliers and employees		(8,571)	(5,663)	(13,829)	(9,851)
Interest received		29	81	53	201
Income taxes paid		(1,605)	(2,969)	(5,875)	(2,969)
<b>Cash flows (used in) from operating activities</b>		<b>(1,324)</b>	<b>9,312</b>	<b>(20,051)</b>	<b>30,362</b>
<b>Investing activities</b>					
Acquisition of equipment		(286)	(219)	(442)	(392)
<b>Cash (used in) investing activities</b>		<b>(286)</b>	<b>(219)</b>	<b>(442)</b>	<b>(392)</b>
<b>Financing activities</b>					
Advances from loans and credit facilities		6,335	-	8,299	8,394
Repayments of loans and credit facilities		(8,834)	(13,502)	(16,330)	(39,702)
Interest and fees paid on loans and credit facilities		(258)	(238)	(490)	(819)
Cash settlement of options		(59)	(49)	(59)	(49)
Dividends paid		-	(5,386)	-	(5,386)
Issue of share capital		-	40	-	40
<b>Cash (used in) financing activities</b>		<b>(2,816)</b>	<b>(19,135)</b>	<b>(8,580)</b>	<b>(37,522)</b>
<b>Change in cash and cash equivalents</b>		<b>(4,426)</b>	<b>(10,042)</b>	<b>(29,073)</b>	<b>(7,552)</b>
Cash and cash equivalents, beginning of period		8,401	20,168	33,048	17,678
<b>Cash and cash equivalents, end of period</b>		<b>3,975</b>	<b>10,126</b>	<b>3,975</b>	<b>10,126</b>

See accompanying notes to the condensed consolidated interim financial statements

**GENESIS LAND DEVELOPMENT CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

**For the three and six months ended June 30, 2015 and 2014**

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

**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.

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 are located at 7315 - 8th Street N.E., Calgary, Alberta T2E 8A2.

The condensed consolidated interim financial statements of Genesis were approved for issuance by the Board of Directors on August 13, 2015.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies of the Corporation are the same as those applied in the Corporation's annual audited consolidated financial statements for the years ended December 31, 2014 and 2013. These policies have been consistently applied to each of the periods presented, unless otherwise indicated.

The Corporation adopted no new IFRSs and interpretations during 2015.

The unaudited condensed consolidated interim financial statements ("Statements") of the Corporation are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These Statements are unaudited and have been prepared in accordance with IAS 34 "Interim Financial Reporting".

These Statements do not include all of the information required for annual audited consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements for the years ended December 31, 2014 and 2013.

**GENESIS LAND DEVELOPMENT CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

**For the three and six months ended June 30, 2015 and 2014**

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

**3. REAL ESTATE HELD FOR DEVELOPMENT AND SALE**

	Land Under Development	Land Held for Future Development	Home Building	Total	Limited Partnerships	Consolidated Total
<b>Gross book value</b>						
As at December 31, 2014	119,574	65,679	32,165	217,418	74,595	292,013
Transfers	(5,977)	(1,923)	7,900	-	-	-
Acquisitions	-	44,265	-	44,265	-	44,265
Development	16,047	(57)	38,944	54,934	-	54,934
Sold	(2,483)	(247)	(39,180)	(41,910)	-	(41,910)
As at June 30, 2015	127,161	107,717	39,829	274,707	74,595	349,302
<b>Less provision for write-downs</b>						
As at December 31, 2014	641	26,801	-	27,442	24,448	51,890
Sold	-	(8)	-	(8)	-	(8)
Write-downs	-	3,839	-	3,839	7,422	11,261
As at June 30, 2015	641	30,632	-	31,273	31,870	63,143
<b>Net book value</b>						
As at December 31, 2014	118,933	38,878	32,165	189,976	50,147	240,123
As at June 30, 2015	126,520	77,085	39,829	243,434	42,725	286,159

During the three months and six ended June 30, 2015, interest of \$47 and \$482 (2014 - \$386 and \$1,078) was capitalized in the Development line above.

The projected development time line of certain parcels of agricultural land, held by Genesis and by a limited partnership, is expected to be significantly extended, resulting in a write-down.

The Corporation acquired 350 acres of land in southeast Calgary on January 6, 2015. The contract price for this land was \$52,500 with \$12,500 being paid by closing and the remaining \$40,000 to be paid in five annual instalments of \$8,000 each, commencing on January 6, 2016. The carrying value of this land at initial recognition is \$44,265 using an 8% discount rate.

**GENESIS LAND DEVELOPMENT CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

**For the three and six months ended June 30, 2015 and 2014**

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

**4. LOANS AND CREDIT FACILITIES**

	June 30, 2015	December 31, 2014
<b>Secured by real estate held for development and sale and agreements receivable</b>		
(a) Land project loans, payable on collection of agreements receivable, bearing interest at prime +1.25% per annum, secured by real estate held for development and sale with a carrying value of \$10,246, due on October 30, 2015.	577	8,750
<b>Secured by real estate held for development and sale</b>		
(b) Vendor-take-back mortgage ("VTB") of \$40,000 at 0% per annum is measured at amortized cost and whose fair value is based on discounted future cash flows, using an 8% discount rate, reflecting current market conditions for instruments with similar terms and risks. The VTB was assumed on January 6, 2015 for the purchase of southeast Calgary lands and is secured by these lands with a carrying value of \$44,265. The VTB is to be paid in five annual installments of \$8,000 each, commencing January 6, 2016 and ending January 6, 2020.	40,000	-
Unamortized portion of the discount on the VTB.	(6,994)	-
(c) Demand operating line of credit up to \$10,000, bearing interest at prime +1.0% per annum, secured by real estate held for development and sale with a carrying value of \$11,796.	-	-
<b>Secured by housing projects under development</b>		
(d) Demand operating line of credit up to \$6,500, bearing interest at prime +1.5% per annum, secured by a general security agreement over assets of the home building division.	4,449	2,839
(e) Capital project loans, payable on collection of closing proceeds, bearing interest at prime +1.5% per annum, secured by home building projects with a carrying value of \$5,000 due by September 11, 2015.	3,579	4,979
	<b>41,611</b>	<b>16,568</b>
<b>Secured by land held for future development - Limited Partnership</b>		
(f) Land loan, bearing interest at the greater of 7.5% or prime +4.5% per annum, secured by land held for future development and sale with a carrying value of \$7,699 maturing March 1, 2016.	7,850	7,850
	<b>49,461</b>	<b>24,418</b>
Deferred fees on loans and credit facilities	(74)	(526)
	<b>49,387</b>	<b>23,892</b>

The weighted average interest rate of loan agreements with various financial institutions was 5.84% (December 31, 2014 – 5.57%) based on June 30, 2015 balances. The VTB at 0% per annum is measured at amortized cost and its fair value is based on discounted future cash flows using an 8% discount rate, resulting in interest expense of \$658 and \$1,318 (2014 - \$Nil) for the three and six months ended June 30, 2015 respectively.



**GENESIS LAND DEVELOPMENT CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

**For the three and six months ended June 30, 2015 and 2014**

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

**4. LOANS AND CREDIT FACILITIES (continued)**

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):

July 1, 2015 to June 30, 2016	24,059
July 1, 2016 to June 30, 2017	7,095
July 1, 2017 to June 30, 2018	6,556
July 1, 2018 to June 30, 2019	6,059
July 1, 2019 to June 30, 2020	5,618
	<b>49,387</b>

As at June 30, 2015 and at December 31, 2014, the Corporation and its subsidiaries were in compliance with all loan covenants.

**5. SHARE CAPITAL**

**(a) Authorized**

Unlimited number of common shares without par value

Unlimited number of preferred shares without par value, none issued

**(b) Weighted average number of shares**

The following table sets forth the weighted average number of common shares outstanding for the three and six months ended June 30, 2015 and 2014:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Basic	<b>44,931,200</b>	44,864,277	<b>44,931,200</b>	44,862,747
Effect of dilutive securities – stock options	<b>2,302</b>	440,488	<b>1,073</b>	269,911
Diluted	<b>44,933,502</b>	45,304,765	<b>44,932,273</b>	45,132,658

In calculating diluted earnings per share for the three months and six months ended June 30, 2015, the Corporation excluded 2,432,000 options (2014 – nil) as their exercise price was greater than the average market price of the Corporation's shares during those periods.

**GENESIS LAND DEVELOPMENT CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

**For the three and six months ended June 30, 2015 and 2014**

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

**6. STOCK OPTIONS**

**Regular options**

Details of outstanding regular options were as follows:

	Six months ended June 30,			
	2015		2014	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding – beginning of period	1,419,000	\$3.86	1,060,500	\$3.32
Options exercised	-	-	(20,000)	\$2.01
Options expired	(10,000)	\$3.68		
Options settled in cash	(144,000)	\$3.27	(57,250)	\$2.85
Outstanding – end of period	1,265,000	\$3.94	983,250	\$3.37
Exercisable – end of period	811,663	\$3.69	643,249	\$3.35

Range of Exercise Prices (\$)	Outstanding		Exercisable		Weighted Average Remaining Contractual Life in Years
	Number at June 30, 2015	Weighted Average Exercise Price	Number at June 30, 2015	Weighted Average Exercise Price	
3.01 – 4.00	765,000	\$3.43	644,999	\$3.43	2.54
4.01 – 5.00	500,000	\$4.71	166,664	\$4.71	4.31
	1,265,000	\$3.94	811,663	\$3.69	3.24

**Performance options**

Details of outstanding performance options were as follows:

	Six months ended June 30,			
	2015		2014	
	Number of Options	Exercise Price	Number of Options	Exercise Price
Outstanding – beginning of period	1,272,000	\$3.35	-	-
Options granted	-	-	1,272,000	\$3.35
Outstanding – end of period	1,272,000	\$3.35	1,272,000	\$3.35
Exercisable – end of period	179,740	\$3.35	-	-
Weighted average remaining contractual life		3.51 years		4.51 years

**GENESIS LAND DEVELOPMENT CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

**For the three and six months ended June 30, 2015 and 2014**

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

**7. COMMITMENTS AND CONTINGENCIES**

Other than the commitments and contingencies discussed below and in the notes to the annual audited consolidated financial statements for the years ended December 31, 2014 and 2013, there were no other material commitments or contingencies as at June 30, 2015.

- (a) 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 June 30, 2015, the letters of credit amounted to \$5,861 (December 31, 2014 - \$2,641).
- (b) On July 15, 2011, a joint venture (note 9) 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 balance of the credit facility as at June 30, 2015 was \$Nil (December 31, 2014 - \$2,485).
- (c) The Corporation has office and other operating leases with the following annual payments: not later than one year - \$943; later than one year but not later than five years - \$1,117; and later than five years - \$Nil.

**8. FINANCIAL INSTRUMENTS**

Fair value measurements recognized in the condensed consolidated interim balance sheets 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).

Financial assets and liabilities not measured at fair value at June 30, 2015, are presented in the following table:

	June 30, 2015	
	Carrying Value	Estimated Fair Value
<b>Loans and receivables</b>		
Amounts receivable	10,972	10,767
<b>Other financial liabilities</b>		
Accounts payable and accrued liabilities	25,380	25,380
Loans and credit facilities, excl. deferred loans and credit facilities fees (note 4)	49,461	49,443

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.

**GENESIS LAND DEVELOPMENT CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

**For the three and six months ended June 30, 2015 and 2014**

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

**9. JOINT VENTURE**

The Corporation formed a joint venture ("JV") on April 30, 2010, for the purpose of acquiring, developing and selling certain real estate. The Corporation is a 50% partner in the JV and the following tables summarize the financial information of the JV.

	June 30, 2015	December 31, 2014
<b>Assets</b>		
Real estate held for development and sale	5,889	7,199
Amounts receivable	5,240	14,542
Cash and cash equivalents	6,790	-
<b>Total assets</b>	<b>17,919</b>	<b>21,741</b>
<b>Liabilities</b>		
Loans and credit facilities	-	2,485
Accounts payable and accrued liabilities	584	841
Provision for future land development costs	6,279	7,381
<b>Total liabilities</b>	<b>6,863</b>	<b>10,707</b>
<b>Net assets</b>	<b>11,056</b>	<b>11,034</b>
Corporation's share of net assets (50%)	5,528	5,517
Deferred gain	(1,697)	(1,957)
<b>Carrying amount on the consolidated balance sheets</b>	<b>3,831</b>	<b>3,560</b>

**GENESIS LAND DEVELOPMENT CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

**For the three and six months ended June 30, 2015 and 2014**

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

**9. JOINT VENTURE (Continued)**

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Revenues	-	12,003	-	12,003
Cost of sales	(19)	(9,866)	(23)	(9,919)
	(19)	2,137	(23)	2,084
General and administrative	(16)	(39)	(42)	(74)
Finance income	23	80	87	114
Earnings being comprehensive earnings	(12)	2,178	22	2,124
Corporation's share of earnings and comprehensive earnings (50%)	(6)	1,089	11	1,062
Deferred gain recognized	214	1,251	260	1,335
Deferred margin recognized on JV lots sold	392	50	501	222
Amount on condensed consolidated interim statements of comprehensive income	600	2,390	772	2,619

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Cash flows from operating activities	9,236	7,854	9,276	6,034
Cash flows (used in) financing activities	(2,446)	(1,164)	(2,486)	-
Net change in cash and cash equivalents	6,790	6,690	6,790	6,034

**GENESIS LAND DEVELOPMENT CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

**For the three and six months ended June 30, 2015 and 2014**

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

**9. JOINT VENTURE (Continued)**

	Investment in JV	Income from JV
At December 31, 2014	3,560	
Share of net income in JV	11	11
Deferred gain recognized	260	260
Deferred margin from JV on lots sold	-	501
<b>At June 30, 2015</b>	<b>3,831</b>	<b>772</b>
At December 31, 2013	7,894	
Share of net income in JV	1,062	1,062
Deferred gain recognized	1,335	1,335
Deferred margin from JV on lots sold	-	222
At June 30, 2014	10,291	2,619

The Corporation's transactions with the JV are limited to the purchase of home building lots. During the three and six months ended June 30, 2015, the JV sold no lots (2014 – 21) to GBG, a wholly owned subsidiary of the Corporation. The Corporation's accounts payable and accrued liabilities as at June 30, 2015 included \$1,859 (December 31, 2014 - \$4,809), related to the purchase of home building lots.

The Corporation deferred \$13,167 of gain when it contributed its share of land to the JV in 2010. As at June 30, 2015, the Corporation had realized \$11,470 (2014 – \$10,627) of that amount as a result of sales through its home building business segment and directly to third parties.

**GENESIS LAND DEVELOPMENT CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

**For the three and six months ended June 30, 2015 and 2014**

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

**10. SEGMENTED INFORMATION**

The income producing business units of the Corporation reported the following activities for the three and six months ended June 30, 2015 and 2014:

Three months ended June 30, 2015	Land Development Segment			Total	Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination				
Revenues	5,909	25	-	5,934	31,029	(5,141)	31,822
Direct cost of sales	(2,308)	(3)	-	(2,311)	(25,316)	5,919	(21,708)
Write-down of real estate	(3,839)	(7,422)	-	(11,261)	-	-	(11,261)
Gross margin	(238)	(7,400)	-	(7,638)	5,713	778	(1,147)
Income from JV	600	-	-	600	-	-	600
G&A, selling & marketing and net finance expense or income	(2,111)	(524)	-	(2,635)	(2,981)	-	(5,616)
(Loss) earnings before income taxes and non-controlling interest	(1,749)	(7,924)	-	(9,673)	2,732	778	(6,163)

Three months ended June 30, 2014	Land Development Segment			Total	Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination				
Revenues	17,556	34	-	17,590	26,592	(9,417)	34,765
Direct cost of sales	(10,278)	(2)	-	(10,280)	(21,703)	7,322	(24,661)
Recovery of real estate write-down	1,030	3,331	-	4,361	-	-	4,361
Gross margin	8,308	3,363	-	11,671	4,889	(2,095)	14,465
Income from JV	2,390	-	-	2,390	-	-	2,390
G&A, selling & marketing and net finance expense or income	(1,499)	(503)	-	(2,002)	(3,019)	-	(5,021)
Earnings before income taxes and non-controlling interest	9,199	2,860	-	12,059	1,870	(2,095)	11,834

**GENESIS LAND DEVELOPMENT CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

**For the three and six months ended June 30, 2015 and 2014**

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

**10. SEGMENTED INFORMATION (Continued)**

Six months ended June 30, 2015	Land Development Segment			Total	Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination				
Revenues	9,129	35	-	9,164	46,330	(7,899)	47,595
Direct cost of sales	(3,865)	(6)	-	(3,871)	(38,101)	9,182	(32,790)
Write-down of real estate	(3,839)	(7,422)	-	(11,261)	-	-	(11,261)
Gross margin	1,425	(7,393)	-	(5,968)	8,229	1,283	3,544
Income from JV	772	-	-	772	-	-	772
G&A, selling & marketing and net finance expense or income	(4,071)	(1,023)	-	(5,094)	(5,714)	-	(10,808)
(Loss) earnings before income taxes and non-controlling interest	(1,874)	(8,416)	-	(10,290)	2,515	1,283	(6,492)
Segmented assets	270,343	49,652	(31,535)	288,460	46,324	(9,833)	324,951
Segmented liabilities <sup>(1),(2)</sup>	63,335	33,991	(26,154)	71,172	37,651	(8,231)	100,592
Segmented net assets <sup>(1),(2)</sup>	207,008	15,661	(5,381)	217,288	8,673	(1,602)	224,359

Six months ended June 30, 2014	Land Development Segment			Total	Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination				
Revenues	46,573	51	-	46,624	38,877	(12,749)	72,752
Direct cost of sales	(32,332)	(5)	-	(32,337)	(32,475)	10,002	(54,810)
Recovery of real estate write-down	1,030	3,331	-	4,361	-	-	4,361
Gross margin	15,271	3,377	-	18,648	6,402	(2,747)	22,303
Income from JV	2,619	-	-	2,619	-	-	2,619
G&A, selling & marketing and net finance expense or income	(3,122)	(973)	-	(4,095)	(5,316)	-	(9,411)
Earnings before income taxes and non-controlling interest	14,768	2,404	-	17,172	1,086	(2,747)	15,511
Segmented assets as at December 31, 2014	251,857	57,068	(30,527)	278,398	52,030	(20,686)	309,742
Segmented liabilities as at December 31, 2014 <sup>(1),(2)</sup>	43,607	32,994	(25,146)	51,455	44,314	(17,301)	78,468
Segmented net assets <sup>(1),(2)</sup>	208,250	24,074	(5,381)	226,943	7,716	(3,385)	231,274

<sup>(1)</sup> Segmented liabilities under the home building segment include \$5,668 (December 31, 2014 - \$14,164) due to the land development segment.

<sup>(2)</sup> Segmented liabilities under the LP segment comprises customer deposits and accounts payable and accrued liabilities and includes \$25,094 (December 31, 2014 - \$24,091) due to Genesis.



**GENESIS LAND DEVELOPMENT CORP.**  
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*(All tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars except number of shares)*

**11. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to the current year's presentation. For the three and six months ended June 30, 2014, the Corporation reclassified \$155 and \$321 of other expenses to general and administrative expenses as this reflects the classification of expense more accurately.

**12. SUBSEQUENT EVENTS**

On July 16, 2015, the limited partners of Genesis Limited Partnership #6 ("LP#6") and Genesis Limited Partnership #7 waived all conditions for the sale of the partnerships' final parcel of land located in the Canals community in Airdrie. The 13.64 acre multi-family site was contracted for sale for gross proceeds of \$10.0 million. Genesis owns 11.75% of LP#6 and a 10% direct undivided interest in this parcel of land. The closing is contracted to be in March 2016.