



**GENESIS LAND DEVELOPMENT CORP.**

---

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three and six months ended June 30, 2017 and 2016  
(Unaudited)

**SECOND QUARTER**

**GENESIS LAND DEVELOPMENT CORP.**  
**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET**

(Unaudited)

(In thousands of Canadian dollars)

	Notes	June 30, 2017	December 31, 2016
<b>Assets</b>			
Real estate held for development and sale	3	231,695	242,000
Amounts receivable		30,157	21,059
Other operating assets		8,457	5,019
Deferred tax assets		6,467	6,557
Income tax recoverable		922	42
Cash and cash equivalents		10,900	14,318
<b>Total assets</b>		<b>288,598</b>	<b>288,995</b>
<b>Liabilities</b>			
Loans and credit facilities	4	32,266	43,295
Customer deposits		2,997	2,587
Accounts payable and accrued liabilities		14,390	10,195
Provision for future development costs		23,754	21,253
<b>Total liabilities</b>		<b>73,407</b>	<b>77,330</b>
Commitments and contingencies	6		
Subsequent events	4,12		
<b>Equity</b>			
Share capital		54,282	54,888
Retained earnings		154,866	150,740
<b>Shareholders' equity</b>		<b>209,148</b>	<b>205,628</b>
Non-controlling interest		6,043	6,037
<b>Total equity</b>		<b>215,191</b>	<b>211,665</b>
<b>Total liabilities and equity</b>		<b>288,598</b>	<b>288,995</b>

See accompanying notes to the condensed consolidated interim financial statements

Subsequent events (note 4, 12)

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

**For the three and six months ended June 30, 2017 and 2016**

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

	Notes	Three months ended June 30,		Six months ended June 30,	
		2017	2016	2017	2016
<b>Revenues</b>					
Sales revenue		38,443	26,091	54,028	58,484
Other revenue		54	57	133	88
		38,497	26,148	54,161	58,572
Direct cost of sales		(27,297)	(18,545)	(37,549)	(42,735)
Write-down of real estate held for development and sale	3	(1,095)	-	(1,095)	-
		(28,392)	(18,545)	(38,644)	(42,735)
<b>Gross margin</b>		10,105	7,603	15,517	15,837
(Expense) income from joint venture	9	(3)	(58)	22	86
General and administrative		(2,653)	(2,702)	(6,188)	(6,027)
Selling and marketing		(1,253)	(1,068)	(1,853)	(2,291)
		(3,909)	(3,828)	(8,019)	(8,232)
Earnings from operations		6,196	3,775	7,498	7,605
Finance income		3	38	19	45
Finance expense		(615)	(756)	(1,240)	(1,524)
Earnings before income taxes		5,584	3,057	6,277	6,126
Income tax expense		(1,372)	(343)	(1,358)	(1,187)
Net earnings being comprehensive earnings		4,212	2,714	4,919	4,939
Attributable to non-controlling interest		3	(114)	6	1
<b>Attributable to equity shareholders</b>		4,209	2,828	4,913	4,938
Net earnings per share – basic and diluted		0.09	0.06	0.11	0.11

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, 2017 and 2016**

*(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, 2015</b>	44,297,602	55,591	5,577	150,957	212,125	12,866	224,991
Share-based payments	-	-	76	-	76	-	76
Repurchase and cancellation of shares <sup>(1)</sup>	(363,100)	(462)	-	(431)	(893)	-	(893)
Transferred to retained earning	-	-	(5,653)	5,653	-	-	-
Net earnings <sup>(2)</sup>	-	-	-	4,938	4,938	1	4,939
<b>At June 30, 2016</b>	43,934,502	55,129	-	161,117	216,246	12,867	229,113
<b>At December 31, 2016</b>	43,745,806	54,888	-	150,740	205,628	6,037	211,665
Repurchase and cancellation of shares <sup>(1)</sup>	(475,625)	(606)	-	(787)	(1,393)	-	(1,393)
Net earnings <sup>(2)</sup>	-	-	-	4,913	4,913	6	4,919
<b>At June 30, 2017</b>	43,270,181	54,282	-	154,866	209,148	6,043	215,191

See accompanying notes to the consolidated financial statements

<sup>(1)</sup> Repurchased and cancelled under normal course issuer bid ("NCIB"). Refer to note 5c

<sup>(2)</sup> Net earnings being comprehensive earnings

**GENESIS LAND DEVELOPMENT CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

(Unaudited)

**For the three and six months ended June 30, 2017 and 2016**

(In thousands of Canadian dollars)

	Notes	Three months ended June 30,		Six months ended June 30,	
		2017	2016	2017	2016
<b>Operating activities</b>					
Receipts from residential lot and development land sales		13,166	11,339	18,689	14,482
Receipts from residential home sales		17,061	20,970	26,258	43,015
Other (payments) receipts		(1,737)	57	(2,740)	558
Paid for land development		(2,807)	(3,636)	(5,780)	(5,969)
Paid for residential home construction		(9,117)	(6,491)	(16,647)	(13,464)
Paid to suppliers and employees		(3,464)	(4,888)	(6,930)	(9,009)
Interest received		3	38	19	45
Income taxes paid		(854)	(2,995)	(2,147)	(2,995)
<b>Cash flows from operating activities</b>		<b>12,251</b>	<b>14,394</b>	<b>10,722</b>	<b>26,663</b>
<b>Investing activities</b>					
Acquisition of equipment		(72)	-	(153)	(29)
Distribution received from joint venture		-	-	-	3,200
<b>Cash (used in) from investing activities</b>		<b>(72)</b>	<b>-</b>	<b>(153)</b>	<b>3,171</b>
<b>Financing activities</b>					
Advances from loans and credit facilities		4,890	9,029	17,400	16,473
Repayments of loans and credit facilities		(9,988)	(17,369)	(21,877)	(33,142)
Payment on vendor-take-back mortgage		-	-	(8,000)	(8,000)
Interest and fees paid on loans and credit facilities		(47)	(118)	(117)	(312)
Repurchase and cancellation of shares under NCIB	5c	(92)	(285)	(1,393)	(893)
<b>Cash (used in) financing activities</b>		<b>(5,237)</b>	<b>(8,743)</b>	<b>(13,987)</b>	<b>(25,874)</b>
<b>Change in cash and cash equivalents</b>		<b>6,942</b>	<b>5,651</b>	<b>(3,418)</b>	<b>3,960</b>
Cash and cash equivalents, beginning of period		3,958	9,708	14,318	11,399
<b>Cash and cash equivalents, end of period</b>		<b>10,900</b>	<b>15,359</b>	<b>10,900</b>	<b>15,359</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, 2017 and 2016**

*(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 11, 2017.

**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, 2016 and 2015. These policies have been consistently applied to each of the periods presented, unless otherwise indicated.

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".

The Corporation adopted no new IFRSs and interpretations during 2017.

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, 2016 and 2015.

**RECENT ACCOUNTING PRONOUNCEMENTS**

*IFRS 15, "Revenue from contracts with customers"*

On May 28, 2014 the IASB issued IFRS 15, "Revenue from contracts with customers". IFRS 15 will replace existing standards and interpretations on revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The standard outlines a single comprehensive model for entities for revenue recognition arising from contracts with customers.

The Corporation has commenced a preliminary assessment of the impact of IFRS 15. The preliminary assessment indicates that the revenue recognition for the Corporation is expected to remain unchanged, with the exception that revenues from development land sales are expected to be recognized on closing of the transactions rather than at the time of receiving a 15% non-refundable deposit.

The Corporation will perform a detailed analysis of the impact of the standard on its major contracts, IT systems, internal controls and disclosures following the completion of the preliminary assessment. Management continues to evaluate the overall impact of IFRS 15 and expects to apply the standard by the mandatory effective date.

*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 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. 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 will commence a preliminary assessment in the third quarter of 2017 to assess the impact of IFRS 9 on its financial statements. The Corporation will report on this during 2017.

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

(Unaudited)

**For the three and six months ended June 30, 2017 and 2016**

*(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	Intra- segment Elimination	Consolidated Total
<b>Gross book value</b>							
As at December 31, 2016	122,896	98,693	19,400	240,989	72,029	(4,194)	308,824
Development	7,442	1,103	15,889	24,434	317	-	24,751
Sold	(11,765)	(32,650)	(13,553)	(57,968)	-	-	(57,968)
As at June 30, 2017	118,573	67,146	21,736	207,455	72,346	(4,194)	275,607
<b>Less provision for write-downs</b>							
As at December 31, 2016	4,000	27,676	-	31,676	35,148	-	66,824
Sold	-	(24,007)	-	(24,007)	-	-	(24,007)
Write-down of real estate held for development and sale	1,075	-	-	1,075	20	-	1,095
As at June 30, 2017	5,075	3,669	-	8,744	35,168	-	43,912
<b>Net book value</b>							
As at December 31, 2016	118,896	71,017	19,400	209,313	36,881	(4,194)	242,000
As at June 30, 2017	113,498	63,477	21,736	198,711	37,178	(4,194)	231,695

During the three and six months ended June 30, 2017, interest of \$117 and \$223 (2016 - \$125 and \$314) was capitalized as a component of the development costs above.

The Corporation closed the sale of a 1,476 acre non-core parcel of land located in the Calgary Metropolitan Area on May 2, 2017 for gross proceeds of \$9,000.

During the three and six months ended June 30, 2017, the Corporation recorded a write-down of \$1,095, mainly related to land under development to reflect the estimated returns realizable from completion of development and sale of this land.

The Corporation entered into a firm agreement on June 28, 2017 to sell a 617 acre parcel of land belonging to a limited partnership for \$5,234. The transaction is expected to close in late August 2017.

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

(Unaudited)

**For the three and six months ended June 30, 2017 and 2016**

(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, 2017	December 31, 2016
<b>Secured by agreements receivable and real estate held for development and sale</b>		
(a) Land project loans, payable on collection of agreements receivable, bearing interest ranging from prime +0.75% to prime +1.25% per annum, secured by real estate held for development and sale with a carrying value of \$38,570, due between September 18, 2017 and December 31, 2017.	1,993	5,566
<b>Secured by real estate held for development and sale</b>		
(b) Vendor-take-back mortgage ("VTB") 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. The VTB was assumed on January 6, 2015 for \$40,000 for the purchase of southeast Calgary lands and is secured by these lands with a carrying value of \$44,373. The VTB is to be paid in five annual installments of \$8,000 each, commencing January 6, 2016 and ending January 6, 2020. The second installment of \$8,000 was paid in January 2017.	24,000	32,000
Unamortized portion of the discount on the VTB.	(2,643)	(3,494)
(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 \$13,335 maturing March 31, 2018.	-	-
<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.	-	-
(e) Lot purchase loan, payable on collection of closing proceeds, bearing interest at prime +1.5% per annum, secured by home building projects. The loan was paid off in full and cancelled during the three month ended March 31, 2017.	-	903
(f) Townhouse project loan for \$14,801, bearing interest at prime +0.90%, secured by a general security agreement over the assets of the home building division, due 3 years from the date of the first draw made. No draw was made as of June 30, 2017.	-	-
	<b>23,350</b>	<b>34,975</b>
<b>Secured by land held for future development - Limited Partnership</b>		
(g) Land loan, bearing interest at the greater of 7.25% or prime +3% per annum, secured by land held for future development and sale with a carrying value of \$26,138 maturing July 1, 2017.	8,963	8,531
	<b>32,313</b>	<b>43,506</b>
Deferred fees on loans and credit facilities	(47)	(211)
	<b>32,266</b>	<b>43,295</b>

The weighted average interest rate of loan agreements with financial institutions was 6.65% (December 31, 2016 - 5.77%) based on June 30, 2017 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 \$426 and \$851 (2016 - \$546 and \$1,092) for the three and six months ended June 30, 2017 respectively.

During the three and six months ended June 30, 2017, the Corporation received advances of \$4,890 and \$17,400 (2016 - \$9,029 and \$16,473) relating to a loan secured by real estate held for development and sale, bearing interest of prime + 1% per annum, with a due date of March 31, 2018.

Subsequent to June 30, 2017, the Corporation renewed the \$8,963 loan belonging to a limited partnership until September 1, 2017 bearing interest at the greater of 7.85% or prime +4% per annum. In addition, the Corporation obtained two land project loans aggregating \$18,354 at prime +0.75%. The approximate due dates of these loans are expected to be between August and December 2019.



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

(Unaudited)

**For the three and six months ended June 30, 2017 and 2016**

*(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, 2017 to June 30, 2018	18,634
July 1, 2018 to June 30, 2019	7,095
July 1, 2019 to June 30, 2020	6,584
July 1, 2020 to June 30, 2021	-
	32,313

As at June 30, 2017 and at December 31, 2016, 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, 2017 and 2016:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Basic and diluted weighted average number of common shares	43,290,360	44,008,514	43,514,811	44,105,226

The Corporation terminated its stock option plan on March 22, 2016 and all outstanding options were cancelled effective June 30, 2016. In calculating the diluted earnings for the three and six months ended June 30, 2016, the Corporation excluded all 800,000 options as their exercise price was greater than the average market price of the Corporation's shares during the period.

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

(Unaudited)

**For the three and six months ended June 30, 2017 and 2016**

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

**5. SHARE CAPITAL (continued)**

**c) Normal course issuer bid**

The Corporation's current NCIB commenced on September 12, 2016 and terminates on the earlier of (i) September 11, 2017; and (ii) the date on which the maximum number of common shares are purchased pursuant to the bid. The Corporation may purchase for cancellation up to 2,194,320 common shares.

The following table sets forth the number of common shares repurchased and cancelled during the three and six months ended June 30, 2017 and 2016 under the NCIB.

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Number of shares repurchased and cancelled <sup>(1)</sup>	28,176	104,400	475,625	363,100
Reduction in share capital	36	133	606	462
Reduction in retained earnings	56	152	787	431
Reduction in shareholders' equity	92	285	1,393	893

<sup>(1)</sup> The average purchase price per share for the three and six months ended June 30, 2017 was \$3.31 and \$2.93 respectively (2016 - \$2.74 and \$2.46).

**6. 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, 2016 and 2015, there were no other material commitments or contingencies as at June 30, 2017.

- a) The Corporation has entered into a memorandum of understanding with the Northeast Community Society in 2012, whereby the Corporation will contribute \$5,000 over 10 years for 15-year naming rights to "Genesis Centre for Community Wellness", a recreation complex in northeast Calgary (\$500 each year, terminating in 2021). The first six installments totaling \$3,000 were paid up to and through to the end of June 2017.
- b) 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 at June 30, 2017, the letters of credit amounted to \$2,812 (December 31, 2016 – \$4,429).
- c) The Corporation has office and other operating leases with the following annual payments: not later than one year - \$599; later than one year but not later than five years - \$1,187; and later than five years - Nil.

**7. PROVISION FOR LITIGATION**

Two former employees filed a statement of claim of against the Corporation on May 27, 2016 alleging wrongful dismissal of their employment and seeking damages, legal costs and other relief arising out of the termination of their employment contracts with the Corporation. The amount of the claim aggregated approximately \$1,600 and the Corporation has recorded this amount as a provision as at June 30, 2017. The former employees brought a motion before a Master in Chambers of the Court of Queen's Bench of Alberta for summary judgment asking for awards of liquidated damages, being the amount of their severance entitlements set out in their employment contracts. On April 24, 2017, the Master granted the former employees' application for summary judgment. The Corporation filed a Notice of Appeal on April 28, 2017 and intends to vigorously defend against the claim. The appeal is set down for a hearing on May 2, 2018.

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

(Unaudited)

**For the three and six months ended June 30, 2017 and 2016**

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

**8. 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 comparable to the market terms for similar instruments.

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

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).

The estimated fair value of financial assets and liabilities as at June 30, 2017, are presented in the following table:

	June 30, 2017	
	Carrying Value	Estimated Fair Value
<b>Fair value through profit and loss</b>		
Cash and cash equivalents	10,900	10,900
Deposits	5,418	5,418
Restricted cash	1,745	1,745
<b>Loans and receivables</b>		
Amounts receivable	30,157	28,564
<b>Other financial liabilities</b>		
Accounts payable and accrued liabilities	14,390	14,390
Loans and credit facilities, excluding deferred loans and credit facilities fees (note 4)	32,313	32,313

Cash and cash equivalents, deposits, and restricted cash are classified under Level 1 of the hierarchy.

The fair values of the Corporation's amounts receivable and of loans and credit facilities were estimated based on current market rates for instruments 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 three and six months ended June 30, 2017 and 2016, no transfers were made between the levels in the fair value hierarchy.

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

(Unaudited)

**For the three and six months ended June 30, 2017 and 2016**

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

**9. SEGMENTED INFORMATION**

The income producing business units of the Corporation reported the following activities for the three and six months ended June 30, 2017 and 2016:

Three months ended June 30, 2017	Land Development Segment			Home Building Segment	Intersegment Elimination	Total	
	Genesis	LP	Intrasegment Elimination				
Revenues	26,895	35	-	26,930	17,474	(5,907)	38,497
Direct cost of sales	(18,770)	22	-	(18,748)	(14,456)	5,907	(27,297)
Write-down of real estate held for development and sale	(1,075)	(20)	-	(1,095)	-	-	(1,095)
Gross margin	7,050	37	-	7,087	3,018	-	10,105
Income from JV	(3)	-	-	(3)	-	-	(3)
G&A, selling & marketing and net finance expense or income	(2,331)	(67)	-	(2,398)	(2,120)	-	(4,518)
Earnings (loss) before income taxes and non-controlling	4,716	(30)	-	4,686	898	-	5,584

Three months ended June 30, 2016	Land Development Segment			Home Building Segment	Intersegment Elimination	Total	
	Genesis	LP	Intrasegment Elimination				
Revenues	11,631	(64)	-	11,567	21,533	(6,952)	26,148
Direct cost of sales	(6,905)	(24)	-	(6,929)	(18,568)	6,952	(18,545)
Gross margin	4,726	(88)	-	4,638	2,965	-	7,603
Income from JV	(58)	-	-	(58)	-	-	(58)
G&A, selling & marketing and net finance expense or income	(1,688)	(548)	-	(2,236)	(2,252)	-	(4,488)
Earnings (loss) before income taxes and non-controlling	2,980	(636)	-	2,344	713	-	3,057

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

(Unaudited)

**For the three and six months ended June 30, 2017 and 2016**

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

**9. SEGMENTED INFORMATION (continued)**

Six months ended June 30, 2017	Land Development Segment				Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination	Total			
Revenues	35,698	44	-	35,742	26,494	(8,075)	54,161
Direct cost of sales	(23,836)	22	-	(23,814)	(21,810)	8,075	(37,549)
Write-down of real estate held for development and sale	(1,075)	(20)	-	(1,095)	-	-	(1,095)
Gross margin	10,787	46	-	10,833	4,684	-	15,517
Income from JV	22	-	-	22	-	-	22
G&A, selling & marketing and net finance expense or income	(3,982)	(656)	-	(4,638)	(4,624)	-	(9,262)
Earnings (loss) before income taxes and non-controlling	6,827	(610)	-	6,217	60	-	6,277
Segmented assets	255,743	37,691	(26,636)	266,798	29,333	(7,533)	288,598
Segmented liabilities <sup>(1),(2)</sup>	58,316	37,469	(28,117)	67,668	13,089	(7,350)	73,407
Segmented net assets <sup>(1),(2)</sup>	197,427	222	1,481	199,130	16,244	(183)	215,191

Six months ended June 30, 2016	Land Development Segment				Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination	Total			
Revenues	20,287	9,168	(669)	28,786	43,742	(13,956)	58,572
Direct cost of sales	(12,631)	(8,238)	1,187	(19,682)	(37,009)	13,956	(42,735)
Gross margin	7,656	930	518	9,104	6,733	-	15,837
Income from JV	86	-	-	86	-	-	86
G&A, selling & marketing and net finance expense or income	(3,247)	(1,993)	669	(4,571)	(5,226)	-	(9,797)
Earnings (loss) before income taxes and non-controlling	4,495	(1,063)	1,187	4,619	1,507	-	6,126
Segmented assets as at December 31, 2016	258,583	36,971	(26,677)	268,877	24,929	(4,811)	288,995
Segmented liabilities as at December 31, 2016 <sup>(1),(2)</sup>	64,658	36,145	(27,543)	73,260	8,692	(4,622)	77,330
Segmented net assets as at December 31, 2016 <sup>(1),(2)</sup>	193,925	826	866	195,617	16,237	(189)	211,665

<sup>(1)</sup> Segmented liabilities under the Genesis home building segment include \$5,818 (December 31, 2016 – due from land segment to home building segment - \$287) due to the land development segment.

<sup>(2)</sup> Segmented liabilities under the LP segment is comprised of accounts payable and accrued liabilities and includes \$28,117 (December 31, 2016 - \$27,543) due to Genesis.

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

(Unaudited)

**For the three and six months ended June 30, 2017 and 2016**

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

**10. RELATED PARTY TRANSACTIONS**

Transactions occurred with the following related parties:

- a) A corporation controlled by an officer and director,
- b) A corporation which is a significant shareholder of Genesis.

Genesis incurred costs of \$86 and \$179 for the three and six months ended June 30, 2017, respectively (2016 - \$160 and \$231). For the three and six months ended June 30, 2017, \$86 and \$179 (2016 - \$159 and \$223) related to fees for services from a corporation controlled by an officer and director and Nil (2016 - \$1 and \$8) related to reimbursement of travel and other costs from a corporation which is a significant shareholder of Genesis. Of these amounts, \$23 (2016 - \$53) is in accounts payable and accrued liabilities as at June 30, 2017.

**11. CONSOLIDATED ENTITIES**

Genesis Limited Partnership #6 and Genesis Limited Partnership #7, part of the LP6/7 group, paid a final distribution of \$6,978 to their unit holders during the year ended December 31, 2016. Genesis held 11.75% equity interest in Genesis Limited Partnership #6. The LP6/7 Group entities no longer have any assets or liabilities and the entities are no longer being consolidated effective January 1, 2017.

**12. SUBSEQUENT EVENTS**

On August 11, 2017, the Corporation's Board of Directors approved the payment of a special cash dividend of \$0.21 per common share for a total of approximately \$9,085 payable in September 2017.