



GENESIS LAND DEVELOPMENT CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2015 and 2014
(Unaudited)

THIRD QUARTER

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

	Notes	September 30, 2015	December 31, 2014
Assets			
Real estate held for development and sale	3	292,786	240,123
Investment in joint venture	9	4,129	3,560
Amounts receivable		10,780	17,660
Other operating assets		10,842	13,993
Deferred tax assets		3,737	1,358
Cash and cash equivalents		6,514	33,048
Total assets		328,788	309,742
Liabilities			
Loans and credit facilities	4	47,068	23,892
Customer deposits		4,577	5,515
Accounts payable and accrued liabilities		32,169	22,683
Income taxes payable		254	4,433
Provision for future development costs		17,292	21,945
Total liabilities		101,360	78,468
Commitments and contingencies	7		
Equity			
Share capital	5, 6	56,075	56,393
Contributed surplus		5,529	5,349
Retained earnings		151,558	146,359
Shareholders' equity		213,162	208,101
Non-controlling interest		14,266	23,173
Total equity		227,428	231,274
Total liabilities and equity		328,788	309,742

See accompanying notes to the condensed consolidated interim financial statements

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

For the three and nine months ended September 30, 2015 and 2014

(In thousands of Canadian dollars except per share amounts)

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2015	2014	2015	2014
Revenues					
Sales revenue		34,875	32,784	82,285	105,212
Other revenue		43	200	228	524
		34,918	32,984	82,513	105,736
Direct cost of sales		(25,184)	(23,673)	(57,974)	(78,483)
(Write-down) / recovery of real estate held for development and sale		-	-	(11,261)	4,361
		(25,184)	(23,673)	(69,235)	(74,122)
Gross margin		9,734	9,311	13,278	31,614
Income from joint venture	9	797	1,058	1,569	3,677
General and administrative		(3,435)	(3,435)	(9,958)	(9,726)
Selling and marketing		(1,255)	(1,301)	(3,619)	(4,039)
		(3,893)	(3,678)	(12,008)	(10,088)
Operating earnings from operations		5,841	5,633	1,270	21,526
Finance income		12	106	65	307
Finance expense		(992)	(258)	(2,966)	(841)
Earnings (loss) before income taxes		4,861	5,481	(1,631)	20,992
Income tax expense		(1,097)	(1,624)	(1,627)	(4,748)
Net earnings (loss) being comprehensive earnings (loss)		3,764	3,857	(3,258)	16,244
Attributable to non-controlling interest		(492)	(509)	(8,907)	1,707
Attributable to equity shareholders		4,256	4,366	5,649	14,537
Net earnings per share – basic and diluted		0.09	0.09	0.12	0.32

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 nine months ended September 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					
At December 31, 2013	44,861,200	56,122	5,011	134,350	195,483	22,443	217,926
Share-based payments	20,000	53	187	-	240	-	240
Dividends	-	-	-	(5,386)	(5,386)	-	(5,386)
Net earnings ⁽¹⁾	-	-	-	14,537	14,537	1,707	16,244
At September 30, 2014	44,881,200	56,175	5,198	143,501	204,874	24,150	229,024
At December 31, 2014	44,931,200	56,393	5,349	146,359	208,101	23,173	231,274
Share-based payments	-	-	180	-	180	-	180
Cancellation of shares	(5,000)	-	-	-	-	-	-
Repurchase and cancellation of shares ⁽²⁾	(249,100)	(318)	-	(450)	(768)	-	(768)
Net earnings (loss) ⁽¹⁾	-	-	-	5,649	5,649	(8,907)	(3,258)
At September 30, 2015	44,677,100	56,075	5,529	151,558	213,162	14,266	227,428

See accompanying notes to the condensed consolidated interim financial statements

⁽¹⁾ Net earnings (loss) being comprehensive earnings (loss)

⁽²⁾ Repurchased and cancelled under normal course issuer bid ("NCIB"). Refer to note 5

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

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2015	2014	2015	2014
Operating activities					
Receipts from residential lot and development land sales		2,000	8,167	9,286	37,360
Receipts from residential home sales		32,367	29,065	77,858	69,570
Other receipts		1,258	242	2,123	545
Paid for land development		(8,755)	(3,542)	(23,918)	(11,183)
Paid for land acquisition		-	-	(10,000)	-
Paid for residential home construction		(15,732)	(18,954)	(44,611)	(38,333)
Paid to suppliers and employees		79	(7,610)	(13,750)	(17,461)
Interest received		12	106	65	307
Income taxes (paid) recovered		(2,310)	234	(8,185)	(2,735)
Cash flows from (used in) operating activities		8,919	7,708	(11,132)	38,070
Investing activities					
Acquisition of equipment		(370)	(193)	(812)	(585)
Distribution received from joint venture		-	3,000	-	3,000
Cash (used in) from investing activities		(370)	2,807	(812)	2,415
Financing activities					
Advances from loans and credit facilities		9,822	7,450	18,121	15,844
Repayments of loans and credit facilities		(14,768)	(11,060)	(31,098)	(50,762)
Interest and fees paid on loans and credit facilities		(297)	(316)	(787)	(1,135)
Cash settlement of options		-	(22)	(59)	(71)
Dividends paid		-	-	-	(5,386)
Repurchase and cancellation of shares under NCIB	5	(767)	-	(767)	-
Issue of share capital		-	-	-	40
Cash (used in) financing activities		(6,010)	(3,948)	(14,590)	(41,470)
Change in cash and cash equivalents		2,539	6,567	(26,534)	(985)
Cash and cash equivalents, beginning of period		3,975	10,126	33,048	17,678
Cash and cash equivalents, end of period		6,514	16,693	6,514	16,693

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 nine months ended September 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 November 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 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 2015.

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 nine months ended September 30, 2015 and 2014

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3. 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 December 31, 2014	119,574	65,679	32,165	217,418	74,595	292,013
Transfers	(10,718)	(1,921)	12,639	-	-	-
Acquisitions	-	44,265	-	44,265	-	44,265
Development	36,868	254	55,006	92,128	-	92,128
Sold	(5,149)	(247)	(67,081)	(72,477)	-	(72,477)
As at September 30, 2015	140,575	108,030	32,729	281,334	74,595	355,929
Less provision for write-downs						
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 September 30, 2015	641	30,632	-	31,273	31,870	63,143
Net book value						
As at December 31, 2014	118,933	38,878	32,165	189,976	50,147	240,123
As at September 30, 2015	139,934	77,398	32,729	250,061	42,725	292,786

During the three and nine months ended September 30, 2015, interest of \$39 and \$521 (2014 - \$365 and \$1,422) 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, was significantly extended and resulted in a write-down at June 30, 2015.

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 on 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.
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(Unaudited)

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4. LOANS AND CREDIT FACILITIES

	September 30, 2015	December 31, 2014
Secured by real estate held for development and sale and agreements receivable		
(a) Land project loans, payable on collection of agreements receivable, bearing interest at prime +0.75% per annum, secured by real estate held for development and sale with a carrying value of \$9,458, due on September 18, 2017.	90	8,750
Secured by real estate held for development and sale		
(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.	(6,337)	-
(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 \$11,979.	-	-
Secured by housing projects under development		
(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.	4,735	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 \$1,429 due by September 11, 2016.	810	4,979
	39,298	16,568
Secured by land held for future development - Limited Partnership		
(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
	47,148	24,418
Deferred fees on loans and credit facilities	(80)	(526)
	47,068	23,892

The weighted average interest rate of loan agreements with financial institutions was 6.12% (December 31, 2014 – 5.57%) based on September 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 \$657 and \$1,975 (2014 - Nil) for the three and nine months ended September 30, 2015 respectively.

The Corporation obtained two new loan facilities totaling \$46,956 and increased an existing loan facility by \$11,500 during the three months ended September 30, 2015. These facilities are to be used for land development activities and the interest rate on these facilities ranges from prime + 0.75% to prime + 1.25%. \$90 was drawn on one of these facilities during the three months ended September 30, 2015.

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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):

October 1, 2015 to September 30, 2016	21,226
October 1, 2016 to September 30, 2017	7,327
October 1, 2017 to September 30, 2018	6,688
October 1, 2018 to September 30, 2019	6,180
October 1, 2019 to September 30, 2020	5,727
	47,148

As at September 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 nine months ended September 30, 2015 and 2014:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Basic	44,905,729	44,881,200	44,922,550	44,868,966
Effect of dilutive securities – stock options	-	603,603	-	391,941
Diluted	44,905,729	45,484,803	44,922,550	45,260,907

In calculating diluted earnings per share for the three and nine months ended September 30, 2015, the Corporation excluded all 2,462,000 options (2014 – nil) as their exercise price was greater than the average market price of the Corporation's shares during those periods.

(c) Normal course issuer bid

On September 4, 2015, the Corporation announced the launch of a normal course issuer bid to repurchase for cancellation up to 2,246,310 common shares (representing 5% of the Corporation's common shares issued and outstanding as at September 3, 2015). The NCIB commenced on September 10, 2015 and will terminate on the earlier of (i) September 9, 2016; and (ii) the date on which the maximum number of common shares are purchased pursuant to the NCIB.

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5. SHARE CAPITAL (continued)

The following table sets forth the number of common shares repurchased and cancelled during the three and nine months ended September 30, 2015 and 2014.

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Number of shares cancelled	249,100	-	249,100	-
Reduction in share capital	318	-	318	-
Reduction in retained earnings	450	-	450	-
Reduction in shareholders' equity	768	-	768	-

The average purchase price per share for the three and nine months ended September 30, 2015 was \$3.08.

6. STOCK OPTIONS

Regular options

Details of outstanding regular options were as follows:

	Nine months ended September 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	(85,000)	\$3.63	-	-
Options settled in cash	(144,000)	\$3.27	(64,250)	\$2.75
Outstanding – end of period	1,190,000	\$3.95	976,250	\$3.39
Exercisable – end of period	786,663	\$3.69	761,249	\$3.39

Range of Exercise Prices (\$)	Outstanding		Exercisable		Weighted Average Remaining Contractual Life in Years
	Number at September 30, 2015	Weighted Average Exercise Price	Number at September 30, 2015	Weighted Average Exercise Price	
3.01 – 4.00	690,000	\$3.41	619,999	\$3.42	2.55
4.01 – 5.00	500,000	\$4.71	166,664	\$4.71	4.06
	1,190,000	\$3.95	786,663	\$3.69	3.19

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

(Unaudited)

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6. STOCK OPTIONS (continued)

Performance options

Details of outstanding performance options were as follows:

	Nine months ended September 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		3.25 years		4.25 years

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 September 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 September 30, 2015, the letters of credit amounted to \$4,424 (December 31, 2014 - \$2,641).
- (b) The Corporation has office and other operating leases with the following annual payments: not later than one year - \$972; later than one year but not later than five years - \$898; and later than five years - Nil.
- (c) The Corporation entered into an agreement with the City of Airdrie, to contribute \$2,000 for the naming rights to “Genesis Place”, a recreation complex in the City of Airdrie (\$200 each year, terminating in 2017). The first eight installments totaling \$1,600 were paid up to and through to the end of September 2015.

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).

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

(Unaudited)

For the three and nine months ended September 30, 2015 and 2014

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

8. FINANCIAL INSTRUMENTS (continued)

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

	September 30, 2015	
	Carrying Value	Estimated Fair Value
Loans and receivables		
Amounts receivable	10,780	10,517
Other financial liabilities		
Accounts payable and accrued liabilities	32,169	32,169
Loans and credit facilities, excl. deferred loans and credit facilities fees (note 4)	47,148	47,132

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.

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.

	September 30, 2015	December 31, 2014
Assets		
Real estate held for development and sale	6,628	7,199
Amounts receivable	4,276	14,542
Cash and cash equivalents	6,867	-
Total assets	17,771	21,741
Liabilities		
Loans and credit facilities	-	2,485
Accounts payable and accrued liabilities	1,515	841
Provision for future development costs	5,214	7,381
Total liabilities	6,729	10,707
Net assets		
Corporation's share of net assets (50%)	5,521	5,517
Deferred gain	(1,392)	(1,957)
Carrying amount on the consolidated balance sheets	4,129	3,560

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

(Unaudited)

For the three and nine months ended September 30, 2015 and 2014

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9. JOINT VENTURE (continued)

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Revenues	-	3,887	-	15,890
Cost of sales	(4)	(2,765)	(27)	(12,684)
	(4)	1,122	(27)	3,206
General and administrative	(49)	(88)	(91)	(162)
Finance income	40	143	127	257
(Loss) earnings being comprehensive (loss) earnings	(13)	1,177	9	3,301
Corporation's share of (loss) earnings and comprehensive (loss) earnings (50%)	(7)	589	4	1,651
Deferred gain recognized	305	374	565	1,709
Deferred margin recognized on JV lots sold	499	95	1,000	317
Amount on condensed consolidated interim statements of comprehensive income	797	1,058	1,569	3,677

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Cash flows from operating activities	77	1,914	9,353	7,948
Cash flows (used in) financing activities	-	(6,000)	(2,486)	(6,000)
Net change in cash and cash equivalents	77	(4,086)	6,867	1,948

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9. JOINT VENTURE (continued)

	Investment in JV	Income from JV
At December 31, 2014	3,560	
Share of net income in JV	4	4
Deferred gain recognized	565	565
Deferred margin from JV on lots sold	-	1,000
At September 30, 2015	4,129	1,569
At December 31, 2013	7,894	
Share of net income in JV	1,651	1,651
Deferred gain recognized	1,709	1,709
Deferred margin from JV on lots sold	-	317
Distribution received	(3,000)	-
At September 30, 2014	8,254	3,677

The Corporation's transactions with the JV are limited to the purchase of home building lots. During the three and nine months ended September 30, 2015, the JV sold no lots (2014 – 11 lots at \$2,324 and 32 lots at \$5,998) to Genesis Builders Group, a wholly owned subsidiary of the Corporation. The Corporation's accounts payable and accrued liabilities as at September 30, 2015 was Nil (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 September 30, 2015, the Corporation had realized \$11,775 (2014 – \$11,001) of that amount as a result of sales through its home building business segment and directly to third parties.

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10. SEGMENTED INFORMATION

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

Three months ended September 30, 2015	Land Development Segment			Total	Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination				
Revenues	7,186	23	-	7,209	32,448	(4,739)	34,918
Direct cost of sales	(3,683)	(2)	-	(3,685)	(26,864)	5,365	(25,184)
Gross margin	3,503	21	-	3,524	5,584	626	9,734
Income from JV	797	-	-	797	-	-	797
G&A, selling & marketing and net finance expense or income	(2,183)	(512)	-	(2,695)	(2,975)	-	(5,670)
Earnings (loss) before income taxes and non-controlling interest	2,117	(491)	-	1,626	2,609	626	4,861

Three months ended September 30, 2014	Land Development Segment			Total	Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination				
Revenues	8,204	29	-	8,233	29,320	(4,569)	32,984
Direct cost of sales	(4,524)	(3)	-	(4,527)	(24,103)	4,957	(23,673)
Gross margin	3,680	26	-	3,706	5,217	388	9,311
Income from JV	1,058	-	-	1,058	-	-	1,058
G&A, selling & marketing and net finance expense or income	(1,340)	(535)	-	(1,875)	(3,013)	-	(4,888)
Earnings (loss) before income taxes and non-controlling interest	3,398	(509)	-	2,889	2,204	388	5,481

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

(Unaudited)

For the three and nine months ended September 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)

Nine months ended September 30, 2015	Land Development Segment				Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination	Total			
Revenues	16,315	58	-	16,373	78,778	(12,638)	82,513
Direct cost of sales	(7,548)	(8)	-	(7,556)	(64,965)	14,547	(57,974)
Write-down of real estate	(3,839)	(7,422)	-	(11,261)	-	-	(11,261)
Gross margin	4,928	(7,372)	-	(2,444)	13,813	1,909	13,278
Income from JV	1,569	-	-	1,569	-	-	1,569
G&A, selling & marketing and net finance expense or income	(6,254)	(1,535)	-	(7,789)	(8,689)	-	(16,478)
Earnings (loss) before income taxes and non-controlling interest	243	(8,907)	-	(8,664)	5,124	1,909	(1,631)
Segmented assets	279,912	49,649	(32,008)	297,553	38,367	(7,132)	328,788
Segmented liabilities ^{(1),(2)}	72,856	34,481	(26,627)	80,710	27,302	(6,652)	101,360
Segmented net assets ^{(1),(2)}	207,056	15,168	(5,381)	216,843	11,065	(480)	227,428

Nine months ended September 30, 2014	Land Development Segment				Home Building Segment	Intersegment Elimination	Total
	Genesis	LP	Intrasegment Elimination	Total			
Revenues	54,777	80	-	54,857	68,197	(17,318)	105,736
Direct cost of sales	(36,856)	(8)	-	(36,864)	(56,578)	14,959	(78,483)
Recovery of real estate write- down	1,030	3,331	-	4,361	-	-	4,361
Gross margin	18,951	3,403	-	22,354	11,619	(2,359)	31,614
Income from JV	3,677	-	-	3,677	-	-	3,677
G&A, selling & marketing and net finance expense or income	(4,462)	(1,508)	-	(5,970)	(8,329)	-	(14,299)
Earnings (loss) before income taxes and non-controlling interest	18,166	1,895	-	20,061	3,290	(2,359)	20,992
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 ^{(1),(2)}	43,607	32,994	(25,146)	51,455	44,314	(17,301)	78,468
Segmented net assets ^{(1),(2)}	208,250	24,074	(5,381)	226,943	7,716	(3,385)	231,274

⁽¹⁾ Segmented liabilities under the home building segment include \$4,202 (December 31, 2014 - \$14,164) due to the land development segment.

⁽²⁾ Segmented liabilities under the LP segment comprises customer deposits and accounts payable and accrued liabilities and includes \$25,567 (December 31, 2014 - \$24,091) due to Genesis.