Genesis Land Development Corp.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2013 and 2012

(Unaudited)

May 10, 2013

Genesis Land Development Corp.

Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2013 and 2012
(Unaudited)

CONTENTS

Genesis Land Development Corp.
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS
(Unaudited)
(In thousands of Canadian dollars)

	Note	March 31, 2013	December 31, 2012 (1)	January 1, 2012 (1)
Assets				
Real estate held for development and sale	5	258,991	264,184	290,512
Investment in joint venture	3, 11	10,874	10,680	9,648
Amounts receivable		40,086	73,239	34,386
Other operating assets		8,336	16,233	20,936
Deferred tax assets		-	-	2,859
Cash and cash equivalents		11,802	10,005	10,850
Total assets		330,089	374,341	369,191
Liabilities				
Loans and credit faciliites	6	50,134	97,224	86,066
Customer deposits		4,165	4,352	7,582
Accounts payable and accrued liabilities		21,075	23,559	14,383
Income taxes payable		4,791	4,617	12,970
Deferred tax liabilities		242	60	-
Land development service costs		19,908	18,220	11,571
Total liabilities		100,315	148,032	132,572
Commitments and contingencies	9			
Equity				
Share capital	7	55,971	55,844	55,122
Contributed surplus		5,111	5,109	4,950
Retained earnings		132,317	128,637	119,776
Shareholders' equity		193,399	189,590	179,848
Non-controlling interest		36,375	36,719	56,771
Total equity		229,774	226,309	236,619
Total liabilities and equity		330,089	374,341	369,191

Related party transactions (note 13)

(1) Refer to Note 3 for change in accounting policy
See accompanying notes to the condensed consolidated interim financial statements

Genesis Land Development Corp.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(In thousands of Canadian dollars except per share amounts)

	Note	Three months ended March 31, 2013	2012 [1]
Revenues			
Residential lot sales		8,011	14,520
Development land sales		4,952	-
Residential home sales		14,597	3,858
Other revenue		50	160
		27,610	18,538
Cost of sales			
Residential lots		2,831	5,132
Development lands		4,436	48
Residential homes		11,887	2,870
Impairment of real estate held for development and sale		-	399
		19,154	8,449
Gross margin		8,456	10,089
Equity income from joint venture	3, 11	(211)	(1,135)
General and administrative		3,074	2,019
Selling and marketing		512	578
Other expenses		82	431
		3,668	3,028
Operating earnings from continuing operations		4,999	8,196
Finance income		(218)	(225)
Finance expense		564	581
Earnings before income taxes		4,653	7,840
Income taxes		1,317	2,328
Net earnings being comprehensive income		3,336	5,512
Attributable to non-controlling interest		(344)	(680)
Attributable to equity shareholders		3,680	6,192
Net earnings per share - basic and diluted		0.08	0.14

[1] Refer to Note 3 for change in accounting policy
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 months ended March 31, 2013 and 2012
(In thousands of Canadian dollars except number of shares)

	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 payment transactions	175,625	451	(9)	-	442	-	442
Net (loss) earnings being comprehensive (loss) income	-	-	-	6,192	6,192	(680)	5,512
At March 31, 2012	44,659,912	55,573	4,941	125,968	186,482	56,091	242,573
Share-based payment transactions	105,816	271	168	-	439	-	439
Distributions to unitholders of limited partnerships	-	-	-	-	-	(4,444)	(4,444)
Net (loss) earnings being comprehensive (loss) income	-	-	-	2,669	2,669	(14,928)	(12,259)
At December 31, 2012 [1]	44,765,728	55,844	5,109	128,637	189,590	36,719	226,309
Share-based payment transactions	47,810	127	2	-	129	-	129
Net earnings (loss) being comprehensive income (loss)	-	-	-	3,680	3,680	(344)	3,336
At March 31, 2013	44,813,538	55,971	5,111	132,317	193,399	36,375	229,774

[1] Refer to Note 3 for change in accounting policy

See accompanying notes to the condensed consolidated interim financial statements

Genesis Land Development Corp.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
For the three months ended March 31, 2013 and 2012
(In thousands of Canadian dollars)

	Three months ended March 31,	
	2013	**2012 (1)**
Operating activities		
Cash receipts from residential lot and development land sales (2)	51,209	12,770
Cash receipts from residential home sales	17,643	4,110
Other cash receipts	182	1,661
Cash paid to suppliers for land development	(4,814)	(5,492)
Cash paid to suppliers for residential home construction	(8,426)	(5,000)
Cash paid to other suppliers and employees	(4,821)	(3,371)
Interest received	218	225
Income taxes paid	(961)	-
	50,230	4,903
Investing activities		
Acquisition of property and equipment	(14)	-
Change in restricted cash	-	(865)
	(14)	(865)
Financing activities		
Advances from loans and credit facilities	4,658	3,521
Repayments of loans and credit facilities	(52,302)	(12,902)
Interest and loans and credit facilities fees paid	(871)	(1,040)
Issue of share capital	96	342
	(48,419)	(10,079)
Change in cash and cash equivalents	1,797	(6,041)
Cash and cash equivalents, beginning of year	10,005	10,850
Cash and cash equivalents, end of year	11,802	4,809

(1) Refer to Note 3 for change in accounting policy
(2) Cash receipts for the three months ended March 31, 2013 included $32,526 relating to the sale of sites 1 and 2 in Sage Hill Crossing in December 2012
See accompanying notes to the condensed consolidated interim financial statements

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 in Alberta and British Columbia. The Corporation reports its activities as two business segments: land development and residential home building. All business activities of Genesis are conducted in Western Canada, with development lands held primarily in and around the cities of Calgary and Airdrie.

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.

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, 2012 and 2011 except as stated in Note 3 and Note 4. These policies have been consistently applied to each of the periods presented, unless otherwise indicated.

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

The unaudited condensed consolidated interim 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.

These unaudited condensed consolidated interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual audited consolidated financial statements for the years ended December 31, 2012 and 2011.

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.

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

3. CHANGE IN ACCOUNTING POLICY (continued)

CONSOLIDATED BALANCE SHEET
(In thousands of Canadian dollars)

	January 1, 2012		
	As previously reported	Adjustments (a), (b)	As restated
Assets			
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 faciliites	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

3. CHANGE IN ACCOUNTING POLICY (continued)

CONSOLIDATED BALANCE SHEET
(In thousands of Canadian dollars)

	December 31, 2012		
	As previously reported	**Adjustments** (a), (b)	**As restated**
Assets			
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 faciliites	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

3. CHANGE IN ACCOUNTING POLICY (continued)

Consolidated Condensed Interim Statement of Comprehensive Income
(Unaudited)
(In thousands of Canadian dollars except per share amount)

	Three months ended March 31, 2012		
	As previously reported	**Adjustments**	**As restated**
Revenues		(a), (c)	
Residential lot sales	14,520	-	14,520
Development land sales	3,600	(3,600)	-
Residential home sales	3,858	-	3,858
Other revenue	160	-	160
	22,138	(3,600)	18,538
Cost of sales			
Residential lots [1]	5,132	-	5,132
Development lands [1]	2,350	(2,302)	48
Residential homes [1]	2,870	-	2,870
Impairment of real estate held for development and sale [1]	399	-	399
	10,751	(2,302)	8,449
Gross margin	11,387	(1,298)	10,089
Equity income from joint venture	-	(1,135)	(1,135)
General and administrative [1]	2,199	(180)	2,019
Selling and marketing [1]	578	-	578
Other expenses	431	-	431
	3,208	(180)	3,028
Operating earnings from continuing operations	8,179	17	8,196
Finance income	(225)	-	(225)
Finance expense	564	17	581
Earnings before income taxes	7,840	-	7,840
Income taxes	2,328	-	2,328
Net earnings being comprehensive income	5,512	-	5,512
Attributable to non-controlling interest	(680)	-	(680)
Attributable to equity shareholders	6,192	-	6,192
Net earnings per share - basic and diluted	0.14	-	0.14

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

3. CHANGE IN ACCOUNTING POLICY (continued)

Consolidated Condensed Interim Statement of Comprehensive (Loss) Income
(Unaudited)
(In thousands of Canadian dollars except per share amount)

	Year ended December 31, 2012		
	As previously reported	Adjustments	As restated
		(a), (c)	
Revenues			
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	24,412	(4,458)	19,954
Development lands	38,694	(2,544)	36,150
Residential homes	31,159	-	31,159
Impairment of real estate held for development and sale	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	10,064	(770)	9,294
Selling and marketing	3,948	-	3,948
Other expenses	1,039	-	1,039
	15,051	(770)	14,281
Operating loss from continuing operations	(880)	155	(725)
Finance income	(862)	138	(724)
Finance expense	2,643	17	2,660
(Loss) before income taxes	(2,661)	-	(2,661)
Income taxes	4,086	-	4,086
Net (loss) 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

3. CHANGE IN ACCOUNTING POLICY (continued)

Consolidated Condensed Interim Statements of Cash Flows
(Unaudited)
(In thousands of Canadian dollars except per share amount)

	Three months ended March 31, 2012		
	As previously reported	Adjustments	As restated
Operating activities		(a), (d)	
Cash receipts from residential lot and development land	14,831	(2,061)	12,770
Cash receipts from residential home sales	4,110	-	4,110
Other cash receipts	1,661	-	1,661
Cash paid to suppliers for land development	(10,421)	4,929	(5,492)
Cash paid to suppliers for residential home construction	(4,707)	(293)	(5,000)
Cash paid to other suppliers and employees	(3,551)	180	(3,371)
Interest received	225	-	225
	2,148	2,755	4,903
Investing activities			
Change in restricted cash	(859)	(6)	(865)
	(859)	(6)	(865)
Financing activities			
Advances from loans and credit facilities	6,455	(2,934)	3,521
Repayments of loans and credit facilities	(13,087)	185	(12,902)
Interest and loans and credit facilities fees paid	(1,040)	-	(1,040)
Issue of share capital	342	-	342
	(7,330)	(2,749)	(10,079)
Change in cash and cash equivalents	(6,041)	-	(6,041)
Cash and cash equivalents, beginning of year	10,850	-	10,850
Cash and cash equivalents, end of year	4,809	-	4,809

(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. Note 11 shows the reconciliation of Investment in joint venture from the proportionate method to the Equity method.

3. CHANGE IN ACCOUNTING POLICY (continued)

(c) The changes made to the 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. Note 11 shows the reconciliation of Equity income from joint venture from the proportionate method to the Equity method.

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

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Corporation’s annual consolidated financial statements for the year ended December 31, 2012, except for the adoption of new IFRSs and interpretations as of January 1, 2013, 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 11 Joint Arrangements and IFRS 12 Disclosures of Interests in Other Entities as well as the consequential amendments to IAS 27 (as revised in 2011) Separate Financial Statements and IAS 28 (as revised in 2011) Investments in Associates 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 Joint Arrangements.

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 condensed consolidated interim financial statements.

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

Impact of the application of IAS 28

IAS 28, Investments in Associates and Joint Ventures ("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 Joint Arrangements, 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 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 condensed consolidated interim financial statements as set out in Note 10.

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. The standard is effective for annual periods beginning on or after January 1, 2015. It 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.

(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	Housing Projects	Total
Gross book value				
As at January 1, 2012 [1]	145,652	145,192	10,422	301,266
Acquisitions and transfers	1,938	(1,938)	19,331	19,331
Development	39,195	3,168	34,284	76,647
Sold	(55,739)	-	(33,407)	(89,146)
As at December 31, 2012 [1]	131,046	146,422	30,630	308,098
Acquisitions and transfers	-	-	2,601	2,601
Development	823	2,428	8,507	11,758
Sold	(6,849)	-	(12,703)	(19,552)
As at March 31, 2013	125,020	148,850	29,035	302,905
Provision for write-down				
As at January 1, 2012	4,058	6,696	-	10,754
Write-downs for the year	1,087	32,073	-	33,160
As at December 31, 2012	5,145	38,769	-	43,914
Write-downs for the period	-	-	-	-
As at March 31, 2013	5,145	38,769	-	43,914
Net book value				
As at January 1, 2012	141,594	138,496	10,422	290,512
As at December 31, 2012	125,901	107,653	30,630	264,184
As at March 31, 2013	119,875	110,081	29,035	258,991

[1] *2012 information has been restated to reflect the changes due to the adoption of IFRS 11 as summarized in Note 3.*

During the period ended March 31, 2013, interest of $859 (2012 - $1,108) and other carrying costs of $ nil (2012 - $14), respectively, were capitalized.

As at March 31, 2013, land held for future development of $52,411 (December 31, 2012 - $52,411) and land under development of $8,212 (December 31, 2012 - $8,212) were held in the limited partnerships controlled by Genesis.

During the period ended March 31, 2013 the Corporation recognized write-downs of $nil (2012 - $399) relating to the impairment of carrying value of certain real estate held for development and sale of which $nil (2012 - $381) is related to lands held under a limited partnership.

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

6. LOANS AND CREDIT FACILITIES

	March 31, 2013	December 31, 2012 [(1)]
Secured by land held for future development		
I. 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 $18,963, maturing March 1, 2014.	7,850	7,850
Secured by land under development and agreements receivable		
III. Land project loans, payable on collection of agreements receivable, bearing interest at rates ranging from prime + 1.25% to the greater of 10.5% or prime + 7.5%, secured by land held for development and sale with a carrying value of $138,394, due between September 1, 2013 and December 1, 2015.	40,212	82,918
Secured by housing projects under development		
IV. 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.	2,058	2,281
V Project loans, payable on collection of closing proceeds, bearing interest ranging from prime + 1.25% to the greater of 5.25% or prime + 2% per annum, secured by home building projects with a carrying value of $39,523, due between June 13, 2013 to October 30, 2013.	1,981	6,487
	52,101	99,536
Deferred loans and credit facilities fees	(1,967)	(2,312)
	50,134	97,224

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

During the three months ended March 31, 2013, the Corporation received advances of $4,658 (2012 - $102,303) relating to various new and renewed loan facilities secured by real estate held for development and sale, and agreements receivable, bearing interest ranging from the prime + 1.25% to the greater of 10.5% or prime + 7.5% per annum, with due dates ranging from June 13, 2013 to December 1, 2015.

The weighted average interest rate of loan agreements was 6.26% (December 31, 2012 - 6.25%), based on March 31, 2013 balances.

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):

April 1, 2013 to December 31, 2013	10,388
January 1, 2014 to December 31, 2014	41,147
January 1, 2015 to December 31, 2015	566
	52,101

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

6. LOANS AND CREDIT FACILITIES (continued)

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.

As at March 31, 2013 and at December 31, 2012, the Corporation was in compliance with all covenants.

7. 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 periods ended March 31, 2013 and 2012:

	Three months ended March 31,	
	2013	**2012**
Basic	44,790,299	44,526,148
Effect of dilutive securities - stock options	119,208	164,418
Diluted	44,909,507	44,690,566

In calculating diluted earnings per share for the period ended March 31, 2013, the Corporation excluded 100,000 options (2012 – 1,124,500) as their exercise prices were greater than the average market price of the Corporation's shares during those periods.

8. 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 generally not exceeding five years from the date of grant.

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

8. STOCK OPTIONS (continued)

Details of outstanding stock options were as follows:

	Three months ended March 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	-	-	100,000	$ 3.21
Options exercised	(47,810)	$ 2.01	(175,625)	$ 1.95
Options expired	(45,000)	$ 6.30	(66,500)	$ 4.40
Options forfeited	(36,500)	$ 3.49	(87,875)	$ 3.76
Outstanding - end of period	1,102,412	$ 3.13	1,558,221	$ 3.72
Exercisable - end of period	864,912	$ 3.06	1,127,293	$ 3.98

	Outstanding		Exercisable		
Range of Exercise Prices ($)	Number at March 31, 2013	Weighted Average Exercise Price	Number at March 31, 2013	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years
0.01 - 3.00	238,412	$ 2.01	238,412	$ 2.01	1.67
3.01 - 4.00	849,000	$ 3.34	611,500	$ 3.33	3.10
4.01 - 9.00	15,000	$ 9.00	15,000	$ 9.00	0.17
	1,102,412	$ 3.13	864,912	$ 3.06	2.75

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(1)	2012
Risk-free interest rate	N/A	1.12%
Estimated term period prior to exercise (years)	N/A	2.50
Volatility in the price of the Corporation’s common shares	N/A	51.40%
Forfeiture rate	N/A	19.42%
Dividend yield rate	N/A	0.00%

(1) *No stock options were issued during the three months ended March 31, 2013.*

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

9. COMMITMENTS AND CONTINGENCIES

Other than the commitments and contingencies discussed below and in the notes to the audited consolidated financial statements for the years ended December 31, 2012 and 2011, there were no other material commitments or contingencies as at March 31, 2013.

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

(b) 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 March 31, 2013, a liability of approximately $3,061 (December 31, 2012 - $3,051) was recorded. The Corporation is selling lots in the last phase covered under this development. The payout to the participants would be made on completion of the sale of lots in the last phase, which is expected in 2014.

(c) The Corporation has office and other operating leases with the following annual payments: not later than one year - $706; later than one year but not later than five years - $2,615; and later than five years - $Nil.

10. FINANCIAL INSTRUMENTS

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).

For financial assets and liabilities not measured at fair value at March 31, 2013, the following table compares their carrying value with their established fair value:

	March 31, 2013	
	Carrying value	Estimated Fair Value
Loans and receivables		
Amounts receivable	40,086	39,684
Other financial liabilities		
Accounts payable and accrued liabilities	21,075	21,075
Loans and credit facilities, excl. deferred loans and credit facilities fees	52,101	51,762

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 three months ended March 31, 2013 no transfers 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)

11. JOINT VENTURE

Genesis 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 reconciles the summarized financial information to the carrying amount of the Corporation's interest in the JV, which is accounted for using the Equity method.

	March 31, 2013	December 31, 2012	January 1, 2012
Assets			
Real estate held for development and sale	30,448	30,446	40,324
Amounts receivable	21,850	30,722	18,130
Other operating assets	8	8	10
Cash and cash equivalents	-	-	-
Total Assets	**52,306**	**61,176**	**58,464**
Liabilities			
Loans and credit facilities	2,702	10,036	4,330
Accounts payable and accrued liabilities	1,488	2,240	4,064
Land development service costs	11,326	12,416	9,260
Total Liabilities	**15,516**	**24,692**	**17,654**
Net assets	**36,790**	**36,484**	**40,810**
Corporation's share of net assets (50%)	18,395	18,242	20,405
Deferred gain and JV profit	(7,521)	(7,562)	(10,757)
Carrying amount on the balance sheets	10,874	10,680	9,648

	March 31, 2013	December 31, 2012	March 31, 2012
Revenues			
Residential lot sales	884	20,266	-
Development land sales	-	7,860	7,200
	884	28,126	7,200
Cost of sales			
Residential lots	706	15,756	-
Development land	-	7,464	6,634
	706	23,220	6,634
General and administrative	52	1,538	358
Finance income	(180)	(306)	(34)
Earnings being Comprehensive income	**306**	**3,674**	**242**
Corporation's share of earnings and comprehensive income (50%)	153	1,837	121
Deferred gain and JV profit	58	2,668	1,014
Amount on the statements of comprehensive income	211	4,505	1,135

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

11. JOINT VENTURE (continued)

	March 31, 2013	March 31, 2012
Cash flows from (used in) operating activities	7,336	(4,726)
Cash flows (used in) from financing activities	(7,336)	4,726
Net change in cash and cash equivalents	-	-

	Investment in JV	Eq. income from JV
At December 31, 2011	20,405	-
Gain deferrred on lands sold to JV	(13,167)	-
Deferred gain recognized	2,410	-
At January 1, 2012	9,648	-
Share of net income in JV	121	121
Deferred gain recognized	1,014	1,014
At March 31, 2012	10,783	1,135
Share of net income in JV	1,716	1,716
Deferred gain recognized	1,654	1,654
Deferred margin from JV on lots sold	527	-
Return of Capital	(4,000)	-
At December 31, 2012	10,680	4,505
Share of net income in JV	153	153
Deferred gain recognized	41	41
Deferred margin from JV on lots sold	-	17
March 31, 2013	10,874	211

The Corporation's transactions with the JV are limited to the purchase of lots. The JV sold 2 lots in the period ended March 31, 2013 (2012 - nil) to Genesis Builders Group Inc. ("GBG"), a wholly owned subsidiary of the Corporation, for $406 (2012 - $nil). The Corporation's accounts payable and accrued liabilities as at March 31, 2013 included $6,100 (December 31, 2012 - $6,740), representing the amount owed to the JV for the lots purchased.

Genesis deferred $13,167 when it contributed its share of land to the JV in 2010. As at March 31, 2013, the Corporation had realized $5,646 of that amount as a result of sales to third parties (2012 – $5,605). The remaining amount of $7,521 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)

12. 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 profit or loss from operations 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 division to the home building division 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 period ended March 31, 2013 and 2012:

Thre months ended	Land development segment			Home building	Corporate	Intersegment	
March 31, 2013	**Genesis**	**LP**	**Total**	**segment**	**and other**	**elimination**	**Total**
Revenues	14,636	13	14,649	14,598	-	(1,637)	27,610
Cost of sales	(8,435)	-	(8,435)	(12,787)	-	2,068	(19,154)
Write-down of real estate	-	-	-	-			-
Income from JV	211		211				211
Other expenses [(1)]	(1,483)	(344)	(1,827)	(1,756)	-	(431)	(4,014)
Earnings before income taxes and NCI	4,929	(331)	4,598	55	-	-	4,653
Segmented assets (as at March 31, 2013)	221,206	65,706	286,912	37,551	11,802	(6,176)	330,089
Segmented liabilities (as at March 31, 2013)	56,399	8,045	64,444	39,783	-	(3,912)	100,315

Three months ended	Land development segment			Home building	Corporate	Intersegment	
March 31, 2012 [(2)]	**Genesis**	**LP**	**Total**	**segment**	**and other**	**elimination**	**Total**
Revenues	15,891	38	15,929	3,904	-	(1,295)	18,538
Cost of sales	(5,932)	(14)	(5,946)	(3,400)	-	1,296	(8,050)
Write-down of real estate	(18)	(381)	(399)	-	-		(399)
Income from JV	1,135	-	1,135	-	-	-	1,135
Other expenses [(1)]	(1,712)	(366)	(2,078)	(1,305)	-	(1)	(3,384)
Earnings before income taxes and NCI	9,364	(723)	8,641	(801)	-	-	7,840
Segmented assets (as at March 31, 2012)	248,631	83,589	332,220	20,644	4,809	(5,589)	352,084
Segmented liabilities (as at March 31, 2012)	109,109	7,778	116,887	16,760	-	(13,484)	120,163

Year ended	Land development segment			Home building	Corporate	Intersegment	
December 31, 2012 [(2)]	**Genesis**	**LP**	**Total**	**segment**	**and other**	**elimination**	**Total**
Segmented assets (as at December 31, 2012)	263,661	65,707	329,368	41,092	10,005	(6,124)	374,341
Segmented liabilities (as at December 31, 2012)	107,005	8,057	115,062	39,110	-	(6,140)	148,032

[(1)] *Other expenses includes general and administrative, selling and marketing, other expenses, finance income and finance expense.*

[(2)] *2012 information has been restated to reflect the changes due to the adoption of IFRS 11 as summarized in Note 3.*

13. RELATED PARTY TRANSACTIONS

A director of Genesis, appointed on July 12, 2012, is an officer of a lender and is thus considered a related party at that point of time. At March 31, 2013, the Corporation had loans totaling $26,231 (December 31, 2012 – $28,448) outstanding with this lender. During the period ended March 31, 2013, Genesis paid interest and fees to the lender of $484 (2012 – $948), respectively. During the period ended March 31, 2013, the Corporation obtained no new financing or re-financing on existing loans (2012 – $nil) with the lender. All transactions are under normal commercial terms and conditions.

Genesis is the general partner in four limited partnership arrangements and a 50% partner in the joint venture (Note 11).

14. COMPARATIVE FIGURES

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

15. PRINCIPAL SUBSIDIARIES

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 Genesis controls. The Corporation has less than 50% equity ownership in these limited partnership entities; however, Genesis has 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, and unrealized gains and losses resulting from intra-group transactions and dividends 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 statement of comprehensive income and within equity in the consolidated balance sheet. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. There are no significant restrictions on the Corporation's or its subsidiaries ability to access or use the assets, and settle the liabilities, of the Corporation.

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

15. PRINCIPAL SUBSIDIARIES (continued)

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

	% equity interest as at	
Name	**March 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%
LP 4/5 group		
Genesis Limited Partnership #4	0.001%	0.001%
Genesis Limited Partnership #5	0%	0%
GLP5 GP Inc.	0%	0%
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	0%	0%
GP GLP7 Inc.	0%	0%
GLP7 Subco Inc.	0%	0%
LP 8/9 group		
Genesis Limited Partnership #8	0.23%	0.23%
Genesis Limited Partnership #9	0%	0%
GP GLP8 Inc.	100%	100%
GP GLP9 Inc.	0%	0%
GLP9 Subco Inc.	0%	0%
LPLP 2007 group		
Limited Partnership Land Pool (2007)	0%	0%
GP LPLP 2007 Inc.	100%	100%
GP RRSP 2007 Inc.	0%	0%
LPLP 2007 Subco Inc.	0%	0%
GP RRSP 2007 #2 Inc.	0%	0%
LPLP 2007 Subco #2 Inc.	0%	0%
LP RRSP Limited Partnership #1	0%	0%
LP RRSP Limited Partnership #2	0%	0%
Joint Venture		
Kinwood Communities Inc.	50%	50%
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%

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

15. PRINCIPAL SUBSIDIARIES (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:

	March 31, 2013				
	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	-	4,873	-	-	4,873
Due from related parties	24	1,060	(342)	-	742
Other operating assets	-	210	-	-	210
Cash and cash equivalents	-	388	1	86	475
Total assets	7,846	14,743	4,189	40,145	66,923
Liabilities					
Loans and credit faciliites	-	-	-	7,809	7,809
Customer deposits	-	-	-	2	2
Accounts payable and accrued liabilities	-	216	-	19	235
Due to related parties	97	1,215	116	19,923	21,351
Total liabilities	97	1,431	116	27,753	29,397
Net assets	7,749	13,312	4,073	12,392	37,526
NCI percentage	100%	88.25%	100%	100%	

	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	-	(2)	4,874
Due from related parties	24	1,060	(335)	-	749
Other operating assets	-	210	-	-	210
Cash and cash equivalents	-	314	1	79	394
Total assets	7,846	14,672	4,196	40,136	66,850
Liabilities					
Loans and credit faciliites	-	-	-	7,798	7,798
Customer deposits	-	-	-	2	2
Accounts payable and accrued liabilities	3	219	3	32	257
Due to related parties	94	1,249	113	19,481	20,937
Total liabilities	97	1,468	116	27,313	28,994
Net assets	7,749	13,204	4,080	12,823	37,856
NCI percentage	100%	88.25%	100%	100%	

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

15. PRINCIPAL SUBSIDIARIES (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
Due from related parties	68	1,042	(334)	-	776
Other operating assets	-	-	2	-	2
Cash and cash equivalents	-	698	2	32	732
Total assets	7,777	17,572	6,366	54,571	86,286
Liabilities					
Loans and credit faciliites	-	-	-	7,694	7,694
Customer deposits	1	-	-	28	29
Accounts payable and accrued liabilities	-	25	-	-	25
Due to related parties	69	1,692	110	17,772	19,643
Total liabilities	70	1,717	110	25,494	27,391
Net assets	7,707	15,855	6,256	29,077	58,895
NCI percentage	100%	88.25%	100%	100%	

	Three months ended March 31, 2013				
	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	Total
Revenues	-	108	-	13	121
Net earnings (loss) being comprehensive income (loss)	-	108	(7)	(432)	(331)
NCI percentage	100%	88.25%	100%	100%	

	Three months ended March 31, 2012				
	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	Total
Revenues	1	129	-	23	153
Net earnings (loss) being comprehensive income (loss)	1	129	(3)	(457)	(330)
NCI percentage	100%	88.25%	100%	100%	

	Three months ended March 31, 2013				
	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	Total
Cash flows from operating activities	-	74	-	7	81
Net increase (decrease) on cash and cash equivalents	-	**74**	-	**7**	**81**

	Three months ended March 31, 2012				
	LP 4/5	LP 6/7	LP 8/9	LPLP 2007	Total
Cash flows from operating activities	-	(151)	-	3	(148)
Net increase (decrease) on cash and cash equivalents	-	**(151)**	-	**3**	**(148)**