



DESTINATION COMMUNITIES

**SKYLINE INTERNATIONAL DEVELOPMENT INC.
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIODS ENDED
March 31, 2016
and 2015
(UNAUDITED)**

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CONTENTS

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	3
INTERIM CONSOLIDATED STATEMENTS OF INCOME	4
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)	5
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY	6 -7
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS	8 - 9
SELECTED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS	10 - 15

SKYLINE INTERNATIONAL DEVELOPMENT INC.
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian Dollars)

	As at		
	March 31, 2016	March 31, 2015	December 31, 2015
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
ASSETS			
Current			
Cash and cash equivalents	12,933	9,178	14,204
Trade receivables	13,859	3,827	4,555
Other receivables	7,127	4,906	6,416
Prepayments	2,471	1,352	1,903
Inventories	1,502	1,163	1,932
Real estate inventory	30,717	43,026	38,212
Property held for sale	30,931	9,103	32,891
Restricted bank deposits	3,982	--	4,149
Total current assets	<u>103,522</u>	<u>72,555</u>	<u>104,262</u>
Non-current			
Restricted bank deposits	2,236	4,005	2,243
Real estate inventory	25,627	8,804	25,599
Investment properties	92,977	106,168	93,158
Property, plant and equipment, at cost	139,716	107,337	146,051
Property, plant and equipment, at fair value	--	19,100	--
Other assets	524	369	513
Deferred tax	9,093	11,092	10,032
Available for Sale Investments, at fair market value	--	4,614	--
Total non-current assets	<u>270,173</u>	<u>261,489</u>	<u>277,596</u>
Total Assets	<u>373,695</u>	<u>334,044</u>	<u>381,858</u>
LIABILITIES AND EQUITY			
Current			
Loans payable	47,760	8,761	46,596
Loans payable on property held for sale	12,216	--	12,364
Loans payable to related parties	6,764	12,420	6,739
Trade payables	6,525	5,816	9,551
Other payables and credit balances	14,233	9,193	14,662
Deferred revenue	5,185	5,181	6,752
Income taxes payable	356	54	111
Purchasers' Deposits	5,050	4,352	6,379
Total current liabilities	<u>98,089</u>	<u>45,777</u>	<u>103,154</u>
Non-current			
Loans payable	66,766	93,845	68,274
Other liabilities	2,985	3,448	3,030
Deferred tax	36,269	32,322	37,616
Total non-current liabilities	<u>106,020</u>	<u>129,615</u>	<u>108,920</u>
Total liabilities	<u>204,109</u>	<u>175,392</u>	<u>212,074</u>
Shareholders' Equity			
Share capital	77,900	77,565	77,900
Warrant Certificates	519	519	519
Revaluation surplus	2,804	4,152	2,804
Related Party Surplus	125	125	125
Equity settled service reserve	879	1,171	874
Foreign exchange translation	3,808	3,333	5,209
Retained earnings	72,831	64,207	71,120
	<u>158,866</u>	<u>151,072</u>	<u>158,551</u>
Equity attributable to Shareholders of the Company	<u>158,866</u>	<u>151,072</u>	<u>158,551</u>
Non-controlling interest	10,720	7,580	11,233
Total Liabilities and Equity	<u>373,695</u>	<u>334,044</u>	<u>381,858</u>

Commitments, provisions, contingencies and charges

Subsequent Events

The accompanying notes are an integral part of these interim consolidated financial statements.

On Behalf of the Board of Directors:

Gil Blutrigh
Chairman

May 10, 2016

Date

Blake Lyon
CEO

Vadim Shub
CFO

SKYLINE INTERNATIONAL DEVELOPMENT INC.
INTERIM CONSOLIDATED STATEMENTS OF INCOME

(in thousands of Canadian dollars, except per share amounts)

	FOR THREE MONTHS ENDED		FOR THE YEAR ENDED
	March 31, 2016 (Unaudited)	March 31, 2015 (Unaudited)	December 31, 2015 (Audited)
REVENUE			
Sale of condominiums	10,836	--	--
Sale of residential houses and lots	2,698	--	276
Income from investment properties	955	852	3,538
Hospitality income	33,420	23,224	87,170
Property management fees	--	61	365
Commissions and fees	--	--	4,620
Timeshare income	187	381	694
	<u>48,096</u>	<u>24,518</u>	<u>96,663</u>
EXPENSES AND COSTS			
Cost of sale of condominiums	10,777	--	--
Operating expenses of investment properties	301	368	1,329
Hospitality operating expenses	27,101	19,621	74,174
Timeshare expenses	25	306	901
Cost of sale of residential lots	2,326	3	264
Development periodic costs	289	244	1,050
Depreciation	1,667	1,292	5,326
	<u>42,486</u>	<u>21,834</u>	<u>83,044</u>
GROSS PROFIT	5,610	2,684	13,619
Loss (gain) from fair value adjustments	94	59	(1,045)
Selling and marketing expenses	456	526	1,863
Administrative and general expenses	1,124	1,062	4,399
PROFIT FROM OPERATIONS	3,936	1,037	8,402
Financial expense	2,089	1,770	7,082
Financial income	(7)	(17)	(33)
Other expense (income)	(39)	--	560
Gain on bargain purchase	--	--	(8,274)
Gain on sale of investment	--	--	(3,768)
PROFIT BEFORE INCOME TAXES	1,893	(716)	12,835
Income tax expense	542	94	4,740
PROFIT FOR THE PERIOD	1,351	(810)	8,095
Attributable to:			
Shareholders of the Company	1,711	(802)	4,669
Non-controlling interest	(360)	(8)	3,426
	<u>1,351</u>	<u>(810)</u>	<u>8,095</u>
BASIC EARNINGS PER SHARE	0.10	(0.05)	0.28
DILUTED EARNINGS PER SHARE	0.10	(0.05)	0.28

The accompanying notes are an integral part of these interim consolidated financial statements.

SKYLINE INTERNATIONAL DEVELOPMENT INC.

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) IN COMMUNITIES

(in thousands of Canadian Dollars)



	FOR THREE MONTHS ENDED		FOR THE YEAR ENDED
	March 31, 2016 <i>(Unaudited)</i>	March 31, 2015 <i>(Unaudited)</i>	Dec 31, 2015 <i>(Audited)</i>
PROFIT FOR THE PERIOD	1,351	(810)	8,095
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation surplus (loss) of property, plant and equipment, before income taxes	--	(4)	123
Income taxes (recovery)	--	1	(32)
Items that will or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(1,554)	1,474	3,569
OTHER COMPREHENSIVE INCOME FOR THE YEAR net of taxes	(1,554)	1,471	3,660
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, net of taxes	(203)	661	11,755
Attributable to:			
Shareholders of the Company	310	669	8,110
Non-controlling interest	(513)	(8)	3,645
	(203)	661	11,755

The accompanying notes are an integral part of these interim consolidated financial statements.

SKYLINE INTERNATIONAL DEVELOPMENT INC.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in thousands of Canadian Dollars)

	Share Capital and Premium	Warrant Certificates	Re-valuation Surplus	Equity Settled Service Reserve	Related Party Surplus	Foreign Exchange translation	Retained Earnings	Total shareholders' equity	Non-controlling Interest	Total
FOR THREE MONTHS ENDED March 31, 2016										
<i>(Unaudited)</i>										
Balance at the beginning of the period	77,900	519	2,804	874	125	5,209	71,120	158,551	11,233	169,784
Profit for the period	--	--	--	--	--	--	1,711	1,711	(360)	1,351
Other comprehensive income for the year	--	--	--	--	--	(1,401)	--	(1,401)	(153)	(1,554)
Total comprehensive income for the year	--	--	--	--	--	(1,401)	1,711	310	(513)	(203)
Recognition of Share-based payment	--	--	--	5	--	--	--	5	--	5
Balance at the end of the period	<u>77,900</u>	<u>519</u>	<u>2,804</u>	<u>879</u>	<u>125</u>	<u>3,808</u>	<u>72,831</u>	<u>158,866</u>	<u>10,720</u>	<u>169,586</u>

	Share Capital and Premium	Warrant Certificates	Re-valuation Surplus	Equity Settled Service Reserve	Related Party Surplus	Foreign Exchange translation	Retained Earnings	Total shareholders' equity	Non-controlling Interest	Total
FOR THREE MONTHS ENDED March 31, 2015										
<i>(Unaudited)</i>										
Balance at the beginning of the period	77,182	519	4,155	1,538	125	1,859	65,009	150,387	7,588	157,975
Issuance of new shares	383	--	--	(383)	--	--	--	--	--	--
Profit for the year	--	--	--	--	--	--	(802)	(802)	(8)	(810)
Other comprehensive income for the year	--	--	(3)	--	--	1,474	--	1,471	--	1,471
Total comprehensive Income for the year	--	--	(3)	--	--	1,474	(802)	669	(8)	661
Recognition of Share-based payment	--	--	--	16	--	--	--	16	--	16
Balance at the end of the period	<u>77,565</u>	<u>519</u>	<u>4,152</u>	<u>1,171</u>	<u>125</u>	<u>3,333</u>	<u>64,207</u>	<u>151,072</u>	<u>7,580</u>	<u>158,652</u>

The accompanying notes are an integral part of these interim consolidated financial statements.

SKYLINE INTERNATIONAL DEVELOPMENT INC.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in thousands of Canadian Dollars)

	Share Capital and Premium	Warrant Certificates	Re- valuation Surplus	Equity Settled Service Reserve	Related Party Surplus	Foreign Exchange translation	Retained Earnings	Total shareholders' equity	Non- controlling Interest	Total
FOR THE YEAR ENDED FOR THE YEAR ENDED December 31, 2015										
<i>(Audited)</i>										
Balance at the beginning of the period	77,182	519	4,155	1,538	125	1,859	65,009	150,387	7,588	157,975
Issuance of new shares	718	--	--	(718)	--	--	--	--	--	--
Profit for the period	--	--	--	--	--	--	4,669	4,669	3,426	8,095
Other comprehensive income for the year	--	--	91	--	--	3,350	--	3,441	219	3,660
Total comprehensive Income (loss) for the year	--	--	91	--	--	3,350	4,669	8,110	3,645	11,755
Revaluation surplus, recognized net of taxes	--	--	(1,442)	--	--	--	1,442	--	--	--
Recognition of Share-based payment	--	--	--	54	--	--	--	54	--	54
Balance at the end of the period	77,900	519	2,804	874	125	5,209	71,120	158,551	11,233	169,784

The accompanying notes are an integral part of these consolidated financial statements.

SKYLINE INTERNATIONAL DEVELOPMENT INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS



(in thousands of Canadian Dollars)

	FOR THREE MONTHS ENDED		FOR THE
	March 31, 2016 <i>(Unaudited)</i>	March 31, 2015 <i>(Unaudited)</i>	YEAR ENDED December 31, 2015 <i>(Audited)</i>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES			
Operating			
Profit (Loss) for the period	1,351	(810)	8,095
Add (deduct) items not involving cash:			
Depreciation and amortization	1,804	1,357	5,789
Loss (gain) from fair value adjustments	94	59	(1,045)
Gain on sale of investment	--	--	(550)
Gain on sale of investment and other property	(39)	--	(3,663)
Gain on bargain purchase	--	--	(8,274)
Deferred tax	382	(169)	5,456
Equity settled service reserve	5	16	54
Changes in non-cash working capital			
Trade receivables	(9,304)	492	469
Other receivables and prepayments	(1,279)	(671)	(2,647)
Restricted bank deposits	174	569	(1,818)
Inventories	430	166	(494)
Real Estate Inventory	7,467	(1,706)	(11,687)
Property held for sale	1,960	--	--
Trade and other payables and credit balances	(4,997)	(802)	8,418
Income taxes payable	245	18	75
Purchasers' Deposits	(1,329)	450	2,477
	<u>(3,036)</u>	<u>(1,031)</u>	<u>655</u>
Investing			
Additions to investment properties	(94)	(76)	(1,855)
Additions to property, plant and equipment	(481)	(590)	(3,704)
Proceeds from sale of property, plant and equipment	196	--	12,962
Disposition of available-for-sale Investment	--	--	5,164
Net cash used in a business acquisition (Schedule A)	--	--	(24,225)
	<u>(379)</u>	<u>(666)</u>	<u>(11,658)</u>
Financing			
Bank credit and other short-term loans	1,561	988	8,771
Proceeds on loans payable	16,101	1,138	39,190
Repayments of loans payable	(14,968)	(656)	(24,742)
Repayments of loans payable to related parties	--	(5,674)	(11,600)
Change in other liabilities	(45)	271	(147)
Deferred financing costs paid	(705)	(60)	(627)
	<u>1,944</u>	<u>(3,993)</u>	<u>10,845</u>
Foreign Exchange translation of foreign operations	200	(74)	(580)
NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	(1,271)	(5,764)	(738)
Cash and cash equivalents, beginning of the year	14,204	14,942	14,942
CASH AND CASH EQUIVALENTS, END OF PERIOD	12,933	9,178	14,204
SUPPLEMENTAL CASH FLOW INFORMATION			
Interest paid	2,024	1,651	6,719
Interest received	7	17	33
Income taxes paid	--	389	(446)

The accompanying notes are an integral part of these interim consolidated financial statements.

SKYLINE INTERNATIONAL DEVELOPMENT INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS



(in thousands of Canadian Dollars)

Schedule A - Net cash used in the acquisition of the assets and liabilities of the Renaissance Hotel in 2015

	FOR THREE MONTHS ENDED		FOR THE
	March 31, 2016 <i>(Unaudited)</i>	March 31, 2015 <i>(Unaudited)</i>	YEAR ENDED December 31, 2015 <i>(Audited)</i>
Working Capital, net of cash and cash equivalents	--	--	942
Inventory	--	--	(109)
Property, plant and equipment	--	--	(33,401)
Deferred revenue	--	--	67
Deferred taxes	--	--	2,830
Recognized excess of net fair value acquired over cost, net c	--	--	5,446
Net assets acquired	--	--	(24,225)
Change in cash from the consolidation of a company	--	--	--
Net cash used in acquisition	--	--	(24,225)

The accompanying notes are an integral part of these interim consolidated financial statements.

SKYLINE INTERNATIONAL DEVELOPMENT INC.
SELECTED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MARCH 31, 2016 & 2015

(Unaudited) (in thousands of Canadian Dollars)

1 NATURE OF OPERATIONS

Skyline International Development Inc. ("Skyline" or the "Company") was incorporated on December 4, 1998 under the *Business Corporations Act (Ontario)*.

The Company and its subsidiaries are involved in the acquisition, ownership and development of hospitality and destination communities in Ontario and the United States. The Company's normal operating cycle is twelve months except for the development activities, which are in excess of twelve months and typically range between three to four years.

The Company is 66.15% owned by Skyline Canada-Israel Ltd, a majority of shares of which are owned by Mishorim Development Corporation Ltd., a public company whose shares are traded on the Tel-Aviv Stock Exchange.

On March 13, 2014 the Company listed its shares on the Tel Aviv Stock Exchange.

On May 14, 2014, following the filing of the prospectus, the Company obtained a Receipt from the Ontario Securities Commission, and it became a reporting issuer in Canada.

On February 24, 2015, following the filing of the Shelf Prospectus, the Company received a receipt from the Israeli Securities Authority to publish a shelf prospectus and offer bonds on the Tel Aviv Stock Exchange.

In Company's management opinion, it is typical that a real estate development company like Skyline, with an operating cycle of longer than one year, which funds most of its investments and real estate projects through credit from financial institutions, to incur a net cash outflow from operations.

The Company's current liabilities include \$47,760 of current maturities of long term loans and short-term loans, including \$32,683 loan for the Company's resorts in Ontario, maturing on July 31, 2016 (see note 5(c) below), \$12,216 loans related to properties held for sale, and \$6,764 loans payable to related parties. There is a net cash outflow from operations of \$3,036 as per the interim consolidated statements of cash flow for three months ended March 31, 2016. This net cash outflow from operations, when applicable, is not expected to adversely affect the Company's business operations, since according to its past experience, financial institutions refinance the loans in addition to the fact that there are a substantial number of potential lenders.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of the interim condensed consolidated financial statements:

The condensed interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting", and in accordance with the disclosure requirements of Chapter D of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970.

(b) New standards, interpretations and amendments initially adopted by the Company:

The significant accounting policies and methods of computation adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the annual financial statements.

(c) Non-current asset and / or a group of assets held for sale

Non-current asset and / or a group of assets held for sale, as well as the liabilities related to these assets must be available for immediate sale in its present condition, the management must be committed to a plan to sell the asset, and an active program to locate a buyer and complete the plan must have been initiated. The sale should be expected to qualify for recognition as completed in one year from the date of classification and must be highly probable. These assets cease to be amortized from the date of such classification and presented separately as current assets at the lower of their carrying amount or fair value less costs to sell, except investment properties, which are measured at fair value and financial liabilities measured at amortized cost.

Results of operations and balances are affected by changes in US dollar. Since January 1, 2016 until March 31, 2016 the foreign exchange rate of the U.S. dollar compared to the Canadian dollar decreased by approximately 6.1%. From March 31, 2016 until the date those financial statements were published the foreign exchange difference on the U.S. dollar compared to the Canadian dollar have not been changed materially.

	<u>31-Mar-16</u>	<u>31-Mar-15</u>	<u>31-Dec-15</u>
Exchange rate (CAD per 1 USD)	1.299	1.267	1.384
Average Exchange rate (CAD per 1 USD)	1.373	1.241	1.279

3 SEASONALITY

The Company's hospitality segment operations are seasonal due to its nature. The results of operations and the revenue are substantially better during winter and summer seasons.

SKYLINE INTERNATIONAL DEVELOPMENT INC.
SELECTED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MARCH 31, 2016 & 2015

(Unaudited) (in thousands of Canadian Dollars)

4 FAIR VALUE MEASUREMENT

Categories of assets and liabilities subject to fair value measurement

The estimated fair values of loans payable are as follows:

	Fair value		Carrying amount	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Loans payable	126,662	104,035	126,742	102,606
Loans payable to related parties	6,764	12,420	6,764	12,420
	133,426	116,455	133,506	115,026

5 SIGNIFICANT EVENTS DURING THE PERIOD

a. Appointment of a new CEO and Private allocation of shares

On February 16, 2016, the Company's Board of Directors appointed Mr. Blake D. Lyon as a new CEO of the Company effective February 17, 2016, following the end of service term of Mr. Michael Sneyd. The appointment is subject to shareholders general meeting approval.

On March 23, 2016 the Board of Directors approved a private allocation of 200,000 shares to the CEO, for a total consideration of 4,793 NIS (approximately \$1,638), which reflect a cost per share of 23.96 NIS (approximately \$8.2). In addition, the Company approved a four year loan to the CEO in the amount of 4,800 NIS (\$1,640), which will bear a 3% interest. The shares will be held in trust and used as collateral for the loan. The loan will be repaid in four equal annual installments against a release of 25% of the shares per installment from the trust.

b. Renaissance Hotel financing

During March 2016, the Company obtained a 4-year interest only financing, with an option to extend the loan by an additional year for its acquisition and renovation of the Renaissance Hotel totaling \$29,150 US. \$12,350 US is used to fund the acquisition with the balance of the funds available to fund future renovation of the property, bearing annual interest of 2.50%-2.75% above 30 day libor. During the extension period option (as described above, and if the Company will choose to exercise it), the principal repayment will begin based on the 25 year amortization. As part of the terms of this loan the property is subject to particular financial covenants, including DSCR ranging between 1.30-1.40 : 1.00 with partial recourse in addition to the other terms as customary for this type of transactions.

c. Horseshoe Valley and Deerhurst Resorts loan

In March 2016, a lender agreed to extend the remaining balance of a loan totalling \$32,683 till July 31, 2016. For more details see note 17 (i) in the consolidated financial statements as for December 31, 2015.

d. Warrants expiration

All unexercised Series 1 Warrants expired, with no further rights to the holder thereof, on March 5, 2016. See note 20(c) in the consolidated financial statements as for December 31, 2015.

e. Copeland House project, phase 1

During the reporting period, the Company delivered 36 units to the purchasers and recognized a total revenue of \$10,836, including \$665 recognized for sale of furniture. The Company is in the process of delivering the purchasers the remaining 18 units that were sold in the project.

6 SEGMENTED INFORMATION

The Company operates within the commercial investment property business, land development business, and hospitality business. The following summary presents segmented financial information for the Company's principal areas of business by industry. All of the Company's operating segments operate in Ontario, Canada, California, USA and Ohio, USA.

Hospitality segments: In 2015, following to the acquisition of Renaissance Hotel, the Hospitality operation in the USA became very significant. Therefore, the chief operation decision maker decided to review and analyze the US hospitality operations as separate segment, consisted of The Hyatt Regency Arcade and the Renaissance Hotel located in Cleveland, Ohio and the Bear Valley Resort located in California.

Development and investment properties segments: Effective 2015, the management of the company manages the lands, regardless of their accounting classification, as one operating segment. Therefore, chief operation decision maker decided to review and analyze the all the lands (both accounted for IAS 40 and IAS 2) under the development segment.

SKYLINE INTERNATIONAL DEVELOPMENT INC.
SELECTED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MARCH 31, 2016 & 2015
(Unaudited) (in thousands of Canadian Dollars)

6 SEGMENTED INFORMATION (continued)

(a) General business segments

1. Investment properties -	Includes acquisition, ownership, management and sale of commercial investment properties.
2. Development -	Includes the development, purchase and sale of real estate properties including lands accounted as per IAS 40.
3. Hospitality Canada -	Includes the acquisition, ownership, management and sale of hotels, portion of hotels and extended stay operations in Canada.
4. Hospitality USA -	Includes the acquisition, ownership, management and sale of hotels, portion of hotels and extended stay operations in USA.
5. Other -	Other

(b) The following presents financial information for these segments:

	For the three months ended March 31, 2016 (unaudited)					
	Investment properties	Development	Hospitality Canada	Hospitality USA	Other	Total
REVENUE						
Sale of condominiums	--	10,836	--	--	--	10,836
Sale of residential houses and lots	--	2,698	--	--	--	2,698
Income from investment properties	955	--	--	--	--	955
Hospitality income	--	--	12,825	20,595	--	33,420
Timeshare income	--	--	--	--	187	187
	<u>955</u>	<u>13,534</u>	<u>12,825</u>	<u>20,595</u>	<u>187</u>	<u>48,096</u>
EXPENSES AND COSTS						
Cost of sale of condominiums	--	10,777	--	--	--	10,777
Operating expenses of investment properties	301	--	--	--	--	301
Hospitality operating expenses	--	--	11,035	16,066	--	27,101
Timeshare expenses	--	--	--	--	25	25
Cost of sale of residential lots	--	2,326	--	--	--	2,326
Development periodic costs	--	289	--	--	--	289
Depreciation	--	18	797	743	109	1,667
	<u>301</u>	<u>13,410</u>	<u>11,832</u>	<u>16,809</u>	<u>134</u>	<u>42,486</u>
SEGMENTED RESULTS	654	124	993	3,786	53	5,610
Loss (gain) from fair value adjustments	36	58	--	--	--	94
Selling and marketing expenses	--	--	--	--	--	456
Administrative and general expenses	--	--	--	--	--	1,124
Financial expense	--	--	--	--	--	2,089
Financial income	--	--	--	--	--	(7)
Other expense (income)	--	--	--	--	--	(39)
PROFIT BEFORE INCOME TAXES						1,893

	As at March 31, 2016 (Unaudited)					
	Investment properties	Development	Hospitality Canada	Hospitality USA	Other	Total
Assets	34,609	152,430	98,389	88,005	262	373,695
Liabilities	20,417	75,507	42,736	65,202	247	204,109
	<u>14,192</u>	<u>76,923</u>	<u>55,653</u>	<u>22,803</u>	<u>15</u>	<u>169,586</u>

SKYLINE INTERNATIONAL DEVELOPMENT INC.
SELECTED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MARCH 31, 2016 & 2015

(Unaudited) (in thousands of Canadian Dollars)

6 SEGMENTED INFORMATION (continued)

	For the three months ended March 31, 2015 (unaudited)					Total
	Investment properties *)	Development *)	Hospitality Canada *)	Hospitality USA *)	Other	
REVENUE						
Income from investment properties	852	--	--	--	--	852
Hospitality income	--	--	15,392	7,832	--	23,224
Property management fees	--	--	61	--	--	61
Timeshare income	--	--	--	--	381	381
	<u>852</u>	<u>--</u>	<u>15,453</u>	<u>7,832</u>	<u>381</u>	<u>24,518</u>
EXPENSES AND COSTS						
Operating expenses of investment properties	368	--	--	--	--	368
Hospitality operating expenses	--	--	12,705	6,916	--	19,621
Timeshare expenses	--	--	--	--	306	306
Cost of sale of residential lots	--	3	--	--	--	3
Development periodic costs	--	244	--	--	--	244
Depreciation	--	17	930	290	55	1,292
	<u>368</u>	<u>264</u>	<u>13,635</u>	<u>7,206</u>	<u>361</u>	<u>21,834</u>
SEGMENTED RESULTS	484	(264)	1,818	626	20	2,684
Loss (gain) from fair value adjustments	--	(59)	--	--	--	(59)
Selling and marketing expenses						526
Administrative and general expenses						1,062
Financial expense						1,770
Financial income						(17)
LOSS BEFORE INCOME TAXES						(716)

	As at March 31, 2015 (Unaudited)					Total
	Investment properties *)	Development *)	Hospitality Canada *)	Hospitality USA *)	Other	
Assets	30,818	136,178	113,846	50,473	2,729	334,044
Liabilities	17,903	70,538	45,622	35,031	6,298	175,392
	<u>12,915</u>	<u>65,640</u>	<u>68,224</u>	<u>15,442</u>	<u>(3,569)</u>	<u>158,652</u>

*) Reclassified

SKYLINE INTERNATIONAL DEVELOPMENT INC.
SELECTED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MARCH 31, 2016 & 2015

(Unaudited) (in thousands of Canadian Dollars)

6 SEGMENTED INFORMATION (continued)

	For the year ended December 31, 2015 (Audited)					Total
	Investment properties *)	Development *)	Hospitality Canada *)	Hospitality USA *)	Other	
REVENUE						
Sale of residential houses and lots	--	276	--	--	--	276
Income from investment properties	3,538	--	--	--	--	3,538
Hospitality income	--	--	54,227	32,943	--	87,170
Property management fees	--	--	365	--	--	365
Commissions and fees	22	--	4,598	--	--	4,620
Timeshare income	--	--	--	--	694	694
	<u>3,560</u>	<u>276</u>	<u>59,190</u>	<u>32,943</u>	<u>694</u>	<u>96,663</u>
EXPENSES AND COSTS						
Operating expenses of investment properties	1,329	--	--	--	--	1,329
Hospitality operating expenses	--	--	45,673	28,500	--	74,173
Timeshare expenses	--	--	--	--	901	901
Cost of sale of residential lots	--	264	--	--	--	264
Development periodic costs	--	1,051	--	--	--	1,051
Depreciation	--	70	3,409	1,745	102	5,326
	<u>1,329</u>	<u>1,385</u>	<u>49,082</u>	<u>30,245</u>	<u>1,003</u>	<u>83,044</u>
SEGMENTED RESULTS						
	<u>2,231</u>	<u>(1,109)</u>	<u>10,108</u>	<u>2,698</u>	<u>(309)</u>	<u>13,619</u>
Loss (gain) from fair value adjustments	(491)	(554)	--	--	--	(1,045)
Selling and marketing expenses	--	--	--	--	--	1,863
Administrative and general expenses	--	--	--	--	--	4,399
Financial expense	--	--	--	--	--	7,082
Financial income	--	--	--	--	--	(33)
Other expense (income)	--	--	--	--	--	560
Gain on bargain purchase	--	--	--	--	--	(8,274)
Gain on sale of investment	--	--	--	--	--	(3,768)
PROFIT BEFORE INCOME TAXES						<u>12,835</u>

	As at December 31, 2015 (Audited)					Total
	Investment properties *)	Development *)	Hospitality Canada *)	Hospitality USA *)	Other	
Assets	34,458	150,182	101,737	95,057	424	381,858
Liabilities	20,276	73,925	48,171	69,269	433	212,074
	<u>14,182</u>	<u>76,257</u>	<u>53,566</u>	<u>25,788</u>	<u>(9)</u>	<u>169,784</u>

*) Reclassified

SKYLINE INTERNATIONAL DEVELOPMENT INC.
SELECTED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MARCH 31, 2016 & 2015

(Unaudited) (in thousands of Canadian Dollars)

6 SEGMENTED INFORMATION (continued)

(c) Timeshare Operations

During late 2013, the Company began developing a “time-share” operation marketed as Skyline Vacation Club through a newly incorporated subsidiary Skyline Vacation Ownership Corporation (“SVOC”) so as to optimize the usage of the resort and hotel properties and services within the Group to the public. The SVOC is presented as part of Other.

In 2014, SVOC entered into an agreement with a third party financial institution, which would allow the buyers of points to typically pay 10% in cash and the balance to be financed by them via this financial institution as a consumer interest bearing loan. The financial institution has limited recourse against SVC in case the buyers default on their loans.

All costs incurred in marketing, operating, and promoting the timeshare business as well as administration, set up and sales costs are expensed as incurred.

7 SUBSEQUENT EVENTS

In April 2016, the Company repaid the balance of the loans payable to related parties in the amount of \$6,764.