

**SKYLINE INTERNATIONAL DEVELOPMENT INC.
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2014
AND 2013
(Unaudited)**

**SKYLINE INTERNATIONAL DEVELOPMENT INC.
CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2014 & 2013***(Unaudited)***CONTENTS**

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SKYLINE INTERNATIONAL DEVELOPMENT INC.
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

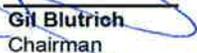
(in thousands of Canadian Dollars)

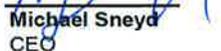
	As at		
	March 31, 2014 <i>(Unaudited)</i>	March 31, 2013 <i>(Unaudited)</i>	December 31, 2013 <i>(Audited)</i>
ASSETS			
Current			
Cash and cash equivalents	21,314	4,460	5,578
Trade receivables	3,788	9,210	3,732
Other receivables	4,410	7,757	4,623
Prepayments	1,222	1,594	1,175
Inventories	1,054	919	1,246 *
Real Estate Inventory	48,501	52,131	48,485 *
Deposits on properties	--	1,271	-
Total current assets	80,289	77,342	64,839
Non-current			
Restricted bank deposits	4,640	4,541	6,094
Loans to purchasers	--	21,500	--
Investment properties	97,519	49,309	92,282
Property, plant and equipment, at cost	93,647	90,035	91,833
Property, plant and equipment, at fair value	28,277	36,176	28,301
Other assets	147	117	147
Deferred tax	10,230	8,824	9,429
Available for Sale Investments, at fair market value	3,457	-	3,457
Total non-current assets	237,917	210,502	231,543
Total Assets	318,206	287,844	296,382
LIABILITIES AND EQUITY			
Current			
Loans payable	8,627	16,592	8,831
Loans payable to related parties	7,549	26,122	5,525
Trade payables	6,846	6,040	7,678
Other payables and credit balances	8,246	9,503	7,739
Deferred revenue	6,612	6,353	6,811
Income taxes payable	488	566	822
Investors deposits	448	2,462	335
Total current liabilities	38,816	67,638	37,741
Non-current			
Loans payable	84,603	68,064	83,992
Loans payable to related parties	10,390	12,938	12,497
Tenants deposits	172	624	166
Deferred tax	29,602	24,696	28,143
Total non-current liabilities	124,767	106,322	124,798
Total liabilities	163,583	173,960	162,539
Shareholders' Equity			
Share capital	77,260	49,569	57,988
Warrant Certificates	527	--	581
Revaluation surplus	4,183	5,170	4,192
Related Party Surplus	125	125	125
Equity settled service reserve	1,779	1,275	1,703
Foreign exchange translation	1,018	--	853
Retained earnings	64,645	57,745	63,320
Equity attributable to Shareholders of the Company	149,537	113,884	128,762
Non-controlling interest	5,086	--	5,081
Total Liabilities and Equity	318,206	287,844	296,382

* Reclassified

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

On Behalf of the Board of Directors:


Gil Blutrach
 Chairman


Michael Sneyd
 CEO


Vadim Shub
 CFO

May 23, 2014

Date

SKYLINE INTERNATIONAL DEVELOPMENT INC.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

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

	FOR THE THREE MONTHS ENDED		YEAR ENDED
	March 31,		Dec 31,
	2014 <i>(Unaudited)</i>	2013 <i>(Unaudited)</i>	2013 <i>(Audited)</i>
REVENUE			
Sale of condominiums	119	5,828	9,269
Sale of residential condos and lots	175	1,366	6,657
Income from investment properties	760	232	2,362
Hospitality income	17,188	18,384	72,176
Property management fees	17	378	1,032
Timeshare income	248	--	45
Other revenue	--	--	41
	<u>18,507</u>	<u>26,188</u>	<u>91,582</u>
EXPENSES AND COSTS			
Cost of sale of condominiums	158	4,486	7,221
Operating expenses of investment properties	310	185	1,005
Hospitality operating expenses	15,574	16,368	67,304
Property management costs	--	93	--
Timeshare expenses	92	--	33
Cost of sale of residential condos and lots	134	1,387	7,472
Development periodic costs	133	404	1,706
Depreciation	1,489	1,328	5,303
	<u>17,890</u>	<u>24,251</u>	<u>90,044</u>
GROSS PROFIT	617	1,937	1,538
Gain (loss) from fair value adjustments	5,090	(133)	21,567
Selling and marketing expenses	1,206	294	1,459
Administrative and general expenses	1,025	1,164	6,053
PROFIT FROM OPERATIONS	3,476	346	15,593
Financial expense	1,831	1,666	7,178
Financial income	(3)	(22)	(566)
Other expense	--	--	95
Loss (gain) on sale of investment	--	--	(1,155)
PROFIT BEFORE INCOME TAXES	1,648	(1,298)	10,041
Income tax expense (recovery)	318	(303)	2,102
PROFIT (LOSS) FOR THE PERIOD	1,330	(995)	7,939
Attributable to:			
Shareholders of the Company	1,325	(995)	2,858
Non-controlling interest	5	-	5,081
	<u>1,330</u>	<u>(995)</u>	<u>7,939</u>
BASIC EARNINGS PER SHARE	0.09	(0.07)	0.20
DILUTED EARNINGS PER SHARE	0.09	(0.07)	0.20

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

SKYLINE INTERNATIONAL DEVELOPMENT INC.

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) COMMUNITIES

(in thousands of Canadian Dollars)

	FOR THE THREE MONTHS ENDED		YEAR ENDED
	March 31,		Dec 31,
	2014	2013	2013
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
PROFIT (LOSS) FOR THE PERIOD	1,330	(995)	7,939
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation surplus of property, plant and equipment, before income taxes	(12)	(309)	387
Income taxes	3	(8)	40
Items that will or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	165	--	853
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD net of taxes	156	(317)	1,280
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, net of taxes	1,486	(1,312)	9,219
Attributable to:			
Non-controlling interest	5	--	5,081
Shareholders of the Company	1,481	(1,312)	4,138
	1,486	(1,312)	9,219

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

SKYLINE INTERNATIONAL DEVELOPMENT INC.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in thousands of Canadian Dollars)

	Share Capital	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 THREE MONTHS ENDED March 31, 2014										
<i>(Unaudited)</i>										
Balance at the beginning of the period	57,988	581	4,192	1,703	125	853	63,320	128,762	5,081	133,843
Cancellation of warrants	581	(581)	--	--	--	--	--	--	--	--
Issuance of new shares	18,691	527	--	--	--	--	--	19,218	--	19,218
Profit for the period	--	--	--	--	--	--	1,325	1,325	5	1,330
Other comprehensive income for the period	--	--	(9)	--	--	165	--	156	--	156
Total comprehensive Income for the year	--	--	(9)	--	--	165	1,325	1,481	5	1,486
Recognition of Share-based payment	--	--	--	76	--	--	--	76	--	76
Balance at the end of the period	<u>77,260</u>	<u>527</u>	<u>4,183</u>	<u>1,779</u>	<u>125</u>	<u>1,018</u>	<u>64,645</u>	<u>149,537</u>	<u>5,086</u>	<u>154,623</u>
FOR THE THREE MONTHS ENDED March 31, 2013										
<i>(Unaudited)</i>										
Balance at the beginning of the period	49,569	--	5,487	1,072	125	--	58,740	114,993	--	114,993
Loss for the period	--	--	--	--	--	--	(995)	(995)	--	(995)
Other comprehensive income for the year	--	--	(317)	--	--	--	--	(317)	--	(317)
Total comprehensive income for the period	--	--	(317)	--	--	--	(995)	(1,312)	--	(1,312)
Recognition of Share-based payment	--	--	--	203	--	--	--	203	--	203
Balance at the end of the period	<u>49,569</u>	<u>--</u>	<u>5,170</u>	<u>1,275</u>	<u>125</u>	<u>--</u>	<u>57,745</u>	<u>113,884</u>	<u>--</u>	<u>113,884</u>

SKYLINE INTERNATIONAL DEVELOPMENT INC.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in thousands of Canadian Dollars)

	Share Capital	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 December 31, 2013										
<i>(Audited)</i>										
Balance at the beginning of the period	49,569	--	5,487	1,072	125	--	58,740	114,993	--	114,993
Issuance of new shares	8,419	581	--	--	--	--	--	9,000	--	9,000
Profit for the period	--	--	--	--	--	--	2,858	2,858	5,081	7,939
Other comprehensive income for the year	--	--	427	--	--	853	--	1,280	--	1,280
Total comprehensive income for the year	--	--	427	--	--	853	2,858	4,138	5,081	9,219
Revaluation surplus, recognized net of taxes	--	--	(1,722)	--	--	--	1,722	--	--	--
Recognition of Share-based payment	--	--	--	631	--	--	--	631	--	631
Balance at the end of the period	<u>57,988</u>	<u>581</u>	<u>4,192</u>	<u>1,703</u>	<u>125</u>	<u>853</u>	<u>63,320</u>	<u>128,762</u>	<u>5,081</u>	<u>133,843</u>

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

SKYLINE INTERNATIONAL DEVELOPMENT INC.
INTERIM CONSOLIDATED CASH FLOW STATEMENTS

(in thousands of Canadian Dollars)

	FOR THE THREE MONTHS ENDED		YEAR ENDED
	March 31,		Dec 31,
	2014	2013	2013
	(Unaudited)	(Unaudited)	(Audited)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES			
Operating			
Profit (loss) for the year	1,330	(995)	7,939
Add (deduct) items not involving cash:			
Depreciation and amortization	1,771	1,639	6,369
Loss (gain) from fair value adjustments	(5,090)	133	(21,567)
Gain on sale of investment	--	--	(1,155)
Deferred tax	361	(398)	2,444
Equity settled service reserve	76	203	631
Changes in non-cash working capital			
Trade receivables	(56)	(5,190)	206
Other receivables and prepayments	166	(2,269)	1,055
Restricted bank deposits	1,454	(122)	(1,675)
Inventories	192	101	(226) *
Real Estate Inventory	(16)	3,848	7,494 *
Deposits on properties	--	(120)	1,151
Trade and other payables and credit balances	(417)	(641)	(694)
Income taxes payable	(334)	(37)	219
Investors deposits	113	2,462	335
	(450)	(1,386)	2,526
Investing			
Investment in available for sale assets	--	--	(501)
Additions to investment properties	(76)	(151)	(21,410)
Proceeds from sale of investment properties	--	--	19
Net proceeds from sale of assets (Schedule A)	--	--	3,173
Additions to property, plant and equipment	(2,249)	(652)	(5,316)
Deferred financing costs paid	(262)	--	(267)
Proceeds of loans given to purchasers	--	--	21,500
	(2,587)	(803)	(2,802)
Financing			
Bank credit and other short-term loans	109	392	(3,463)
Proceeds on loans payable	405	2,500	31,984
Repayments of loans payable	(762)	(250)	(13,660)
Repayments of loans payable to related parties	(203)	(272)	(21,828)
Change in tenants' deposits	6	--	(458)
Common shares issued	19,218	--	9,000
	18,773	2,370	1,575
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD			
	15,736	181	1,299
Cash and cash equivalents, beginning of the year	5,578	4,279	4,279
CASH AND CASH EQUIVALENTS, END OF PERIOD	21,314	4,460	5,578
SUPPLEMENTAL CASH FLOW INFORMATION			
Interest paid	1,712	1,353	6,346
Interest received	3	22	566
Income taxes paid	334	108	248

* Reclassified

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

SKYLINE INTERNATIONAL DEVELOPMENT INC.
INTERIM CONSOLIDATED CASH FLOW STATEMENTS

(in thousands of Canadian Dollars)

Schedule A - Derecognition of proportionate share in King Edward Hotel subsequent to partial disposition in 2013

	FOR THE THREE MONTHS ENDED		YEAR ENDED
	March 31,		Dec 31,
	2014	2013	2013
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Consideration received	--	--	3,154
Working Capital, net of cash and cash equivalents	--	--	(128)
Property, Plant and Equipment	--	--	9,469
Loans payable	--	--	(4,267)
Deferred revenue	--	--	(100)
Investment in Shares	--	--	(2,956)
Cash and cash equivalent balances disposed of	--	--	(19)
Total assets disposed of	--	--	1,999
Gain on sale of investment	--	--	1,155
	--	--	3,154
Less:			
Cash and cash equivalent balances disposed of	--	--	19
Net cash from sale of assets	--	--	3,173

SKYLINE INTERNATIONAL DEVELOPMENT INC.
SELECTED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED March 31, 2014

(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 66.20% 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. See note 5.
 On May 14, 2014 the Company became a republic issuer in Canada. See note 8.

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, except for the noted below:

Issue of a unit of securities:

The issue of a unit of securities involves the allocation of the proceeds received (before issue expenses) to the securities issued in the unit based on the following order: financial derivatives and other financial instruments measured at fair value in each period. Then fair value is determined for financial liabilities that are measured at amortized cost. The proceeds allocated to equity instruments are determined to be the residual amount. Issue costs are allocated to each component pro rata to the amounts determined for each component in the unit.

3 SEASONALITY AND CHANGES IN FOREIGN EXCHANGE

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.

The Company has a foreign exchange impact from the US dollar. Since January 1, 2014 until March 31, 2014 the foreign exchange difference on the U.S. dollar compared to the Canadian dollar increased by 3.9%.

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	
	2014	2013	2014	2013
Loans payable	92,649	86,844	93,230	84,656
Loans payable to related parties	17,939	39,060	17,939	39,060
	110,588	125,904	111,169	123,716

5 SIGNIFICANT EVENTS DURING THE PERIOD

2013 Acquisition

Blue Mountain Village, Collingwood, Ontario

On April 15, 2013, the Company together with its 40% partner completed the acquisition for the existing commercial space and future residential developable lands at Blue Mountain Resort, known as Blue Mountain Village (hereafter - 'The Village'). The acquisition also includes the management contract of other commercial space in The Village that is owned by a non-related third party. The total purchase price is \$20,000 not including closing costs of \$1,303. The acquisition was financed with a ten-year first degree mortgage of \$15,000, bearing an annual interest rate of \$6.75%. The loan is guaranteed by the Company and the partner and is subject to a minimum debt service ratio covenant (DSCR) of 1.20.

**SKYLINE INTERNATIONAL DEVELOPMENT INC.
SELECTED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED March 31, 2014**

(Unaudited) (in thousands of Canadian Dollars)

5 SIGNIFICANT EVENTS DURING THE PERIOD (continued)

2014 Acquisition

Purchase remaining 40% of Blue Mountain Village, Collingwood Ontario

On February 26, 2014, the Company reached an agreement with a third party to acquire the third party's 40% share in Blue Mountain Village assets for \$15,400 net of \$6,000 obligations to a financial institution and become a 100% owner of the asset. The parties agreed to complete the transaction within 90 days, subject to conditions precedent customary to this type of transaction including securing by the Company the required financing and release of the vendor from its obligations.

Public Placement

On February 26, 2014 the Company's shareholders approved 10:1 share split increasing the number of shares issued from 1,475,895 to 14,758,950. This share split increased the outstanding employee stock option conversion rights by 10 as well. At the same day the Company's shareholders announced that they would not exercise any of their rights or warrants to the Company's shares and these rights expired on the IPO date.

On February 28, 2014, the company filed its prospectus and was issued receipt to sell its securities to the public on the Tel Aviv Stock Exchange (TASE). On March 13, 2014 the Company concluded its Initial Public Offering (IPO) and listed its shares on TASE, issuing 1,759,250 common shares (10.65%) and 703,700 warrants in consideration of \$22,450 (69,754 New Israeli Shekels (NIS)) or net amount of approximately \$19,218 (after costs and underwriters fees) becoming a public reporting entity in the State of Israel. The effective price of each share was established at 38.05 NIS (\$12.27) or \$21,593 of the total proceeds and the total value attributed to warrants using the Black Scholes model was 2,815 NIS (\$908).

Deerhurst Resort, Village Centre Development

During 2012 the Company engaged various consultants, planners, and together with the Huntsville municipality held a number of public meetings and consultations regarding the development of the lands surrounding its Deerhurst Resort.

These activities concluded in November 2013 with completion of the master plan for the lands.

On December 2, 2013 the Company submitted an application for development of the Village Centre Area. It is envisioned for a mixed-use residential and commercial development of 51.3 acres for 791 residential units and approximately 46,758 square feet of commercial gross floor area.

On March 20, 2014 the Company received a letter from the Township's Planning Department's head advising Skyline that the application was considered "complete" so there are still some minor outstanding issues that need to be resolved.

The Township and the Region see the project favorably and the application conforms to the Official Plan. Therefore, the future development is considered to be in the nearing the approval stage and the fair value of the site was appraised at \$6,950 resulting in a fair value adjustment for the land of \$5,150 in the quarter.

The appraisal was performed by an independent real estate appraiser from one of the top reputable firms, knowledgeable of the area and experienced in this type of appraisal engagements.

SKYLINE INTERNATIONAL DEVELOPMENT INC.
SELECTED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED March 31, 2014

(Unaudited) (in thousands of Canadian Dollars)

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 the Company's operating segments are in Canada and the United States.

(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 properties. |
| 3. Hospitality - | Includes the acquisition, ownership, management and sale of hotels, portion of hotels and extended stay operations. |
| 4. Other - | other |

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

	For the three months ended March 31, 2014 (unaudited)				
	Investment properties	Development	Hospitality	Other	Total
REVENUE					
Sale of condominiums	--	119	--	--	119
Sale of residential condos and lots	--	175	--	--	175
Income from investment properties	760	--	--	--	760
Hospitality income	--	--	17,188	--	17,188
Property management fees	--	--	17	--	17
Timeshare income	--	--	--	248	248
	760	294	17,205	248	18,507
EXPENSES AND COSTS					
Cost of sale of condominiums	--	158	--	--	158
Operating expenses of investment properties	310	--	--	--	310
Hospitality operating expenses	--	--	15,574	--	15,574
Timeshare expenses	--	--	--	92	92
Cost of sale of residential condos and lots	--	134	--	--	134
Development periodic costs	--	133	--	--	133
Depreciation	--	52	1,414	23	1,489
	310	477	16,988	115	17,890
SEGMENTED RESULTS	450	(183)	217	133	617
Gain (loss) from fair value adjustments					5,090
Selling and marketing expenses					1,206
Administrative and general expenses					1,025
Financial expense					1,831
Financial income					(3)
PROFIT BEFORE INCOME TAXES					1,648

	As at March 31, 2014 (Unaudited)				
	Investment properties	Development	Hospitality	Other	Total
Assets	76,428	64,712	175,075	1,991	318,206
Liabilities	1,778	59,983	97,906	3,916	163,583
Shareholders' Equity	74,650	4,729	77,169	(1,925)	154,623

SKYLINE INTERNATIONAL DEVELOPMENT INC.
SELECTED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED March 31, 2014

(Unaudited) (in thousands of Canadian Dollars)

6 SEGMENTED INFORMATION (continued)

	For the three months ended March 31, 2013 (unaudited)				
	Investment properties	Development	Hospitality	Other	Total
REVENUE					
Sale of condominiums	--	5,828	--	--	5,828
Sale of residential condos and lots	--	1,366	--	--	1,366
Income from investment properties	232	--	--	--	232
Hospitality income	--	--	18,384	--	18,384
Property management fees	--	--	378	--	378
	<u>232</u>	<u>7,194</u>	<u>18,762</u>	<u>--</u>	<u>26,188</u>
EXPENSES AND COSTS					
Cost of sale of condominiums	--	4,486	--	--	4,486
Operating expenses of investment properties	185	--	--	--	185
Hospitality operating expenses	--	--	16,368	--	16,368
Property management costs	--	--	93	--	93
Cost of sale of residential condos and lots	--	1,387	--	--	1,387
Development periodic costs	--	404	--	--	404
Depreciation	--	2	1,326	--	1,328
	<u>185</u>	<u>6,279</u>	<u>17,787</u>	<u>--</u>	<u>24,251</u>
SEGMENTED RESULTS					
	<u>47</u>	<u>915</u>	<u>975</u>	<u>--</u>	<u>1,937</u>
Gain (loss) from fair value adjustments					(133)
Selling and marketing expenses					294
Administrative and general expenses					1,164
Financial expense					1,666
Financial income					(22)
LOSS BEFORE INCOME TAXES					<u>(1,298)</u>

	As at March 31, 2013 (Unaudited)				
	Investment properties	Development	Hospitality	Other	Total
Assets	67,683	70,218	149,929	14	287,844
Liabilities	24,648	71,556	77,748	8	173,960
Shareholders' Equity	<u>43,035</u>	<u>(1,338)</u>	<u>72,181</u>	<u>6</u>	<u>113,884</u>

SKYLINE INTERNATIONAL DEVELOPMENT INC.
SELECTED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED March 31, 2014

(Unaudited) (in thousands of Canadian Dollars)

6 SEGMENTED INFORMATION (continued)

	For the year ended December 31, 2013 (Audited)				
	Investment properties	Development	Hospitality	Other	Total
Sale of condominiums	--	9,269	--	--	9,269
Sale of residential condos and lots	--	6,657	--	--	6,657
Income from investment properties	2,362	--	--	--	2,362
Hospitality income	--	--	72,176	--	72,176
Property management fees	--	--	1,032	--	1,032
Timeshare income	--	--	--	45	45
Other revenue	39	2	--	--	41
	<u>2,401</u>	<u>15,928</u>	<u>73,208</u>	<u>45</u>	<u>91,582</u>
Cost of sale of condominiums	--	7,221	--	--	7,221
Operating expenses of investment properties	1,005	--	--	--	1,005
Hospitality operating expenses	--	--	67,304	--	67,304
Timeshare expenses	--	--	--	33	33
Cost of sale of residential condos and lots	--	7,472	--	--	7,472
Development periodic costs	--	1,706	--	--	1,706
Depreciation	--	276	4,983	44	5,303
	<u>1,005</u>	<u>16,675</u>	<u>72,287</u>	<u>77</u>	<u>90,044</u>
SEGMENTED RESULTS	1,396	(747)	921	(32)	1,538
Gain (loss) from fair value adjustments					21,567
Selling and marketing expenses					1,459
Administrative and general expenses					6,053
Financial expense					7,178
Financial income					(566)
Other expense					95
Loss (gain) on sale of investment					(1,155)
PROFIT BEFORE INCOME TAXES					10,041

	As at December 31, 2013 (Audited)				
	Investment properties	Development	Hospitality	Other	Total
Assets	90,767	54,237	150,007	1,371	296,382
Liabilities	32,890	57,895	69,203	2,551	162,539
Shareholders' Equity	57,877	(3,658)	80,804	(1,180)	133,843

**SKYLINE INTERNATIONAL DEVELOPMENT INC.
SELECTED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED March 31, 2014**

(Unaudited) (in thousands of Canadian Dollars)

6 SEGMENTED INFORMATION (continued)

(c) Timeshare Operations

Since October 2013, the Company began developing a "time-share" operation so as to optimize the usage of the resort and hotel properties and services within the Group to the public. The timeshare operation was launched in late October 2013.

This operation is being marketed as Skyline Vacation Club ("SVC") through a newly incorporated subsidiary - Skyline Vacation Ownership Corporation ("SVOC"), in addition SVC Members' Association ("SVCMA") was established as a not-for-profit association.

SVOC sells Club Points out of the inventory of the points issued by the trustee of SVCMA to third parties. The placing of real estate to the trustee and issuance of points are intended to mirror actual sales. A Third Party Overseer is retained to ensure that there is enough points issued to SVOC and evidenced by deposition of real estate to generate sales. These points can be redeemed for a stay at the SVOC owned properties (or if not available, at any other Skyline location for a fee payable by SVOC to this location). SVOC reached an agreement with RCI (Resort Condominium International), which granted Platinum membership status to the SVC members so these points can also be exchanged (for a fee) via RCI at premium against other locations within the RCI network. The usage of the Club Points are subject to certain terms and condition and have a life of 50 years as set out in the membership agreement. There is a provision for development of programs for less than 50 years as well.

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 RECLASSIFICATION

The comparative interim consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the current period's interim consolidated financial statements.

8 SUBSEQUENT EVENTS

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.