

**SKYLINE INTERNATIONAL DEVELOPMENT INC.
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE YEARS ENDED
March 31, 2015
and 2014
(UNAUDITED)**

**SKYLINE INTERNATIONAL DEVELOPMENT INC.
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2015 & 2014**

(UNAUDITED)

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

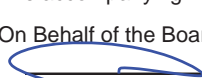
SKYLINE INTERNATIONAL DEVELOPMENT INC.
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

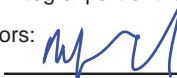
(in thousands of Canadian Dollars)


	As at		
	March 31, 2015	March 31, 2014	December 31, 2014
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
ASSETS			
Current			
Cash and cash equivalents	9,178	21,314	14,942
Trade receivables	3,827	3,788	4,319
Other receivables	4,906	4,410	4,760
Prepayments	1,352	1,222	827
Inventories	1,163	1,054	1,329
Real estate inventory	43,026	48,501	41,320
Property held for sale	9,103	-	-
Total current assets	<u>72,555</u>	<u>80,289</u>	<u>67,497</u>
Non-current			
Restricted bank deposits	4,005	4,640	4,574
Real estate inventory	8,804	-	8,804
Investment properties	106,168	97,519	105,944
Property, plant and equipment, at cost	107,337	93,647	104,451
Property, plant and equipment, at fair value	19,100	28,277	28,206
Other assets	369	147	366
Deferred tax	11,092	10,230	10,908
Available for Sale Investments, at fair market value	4,614	3,457	4,614
Total non-current assets	<u>261,489</u>	<u>237,917</u>	<u>267,867</u>
Total Assets	<u>334,044</u>	<u>318,206</u>	<u>335,364</u>
LIABILITIES AND EQUITY			
Current			
Loans payable	8,761	8,627	7,684
Loans payable to related parties	12,420	7,549	11,616
Trade payables	5,816	6,846	5,458
Other payables and credit balances	9,193	8,246	10,055
Deferred revenue	5,181	6,612	5,598
Income taxes payable	54	488	36
Purchasers Deposits	4,352	448	3,902
Total current liabilities	<u>45,777</u>	<u>38,816</u>	<u>44,349</u>
Non-current			
Loans payable	93,845	84,603	91,813
Loans payable to related parties	--	10,390	6,359
Other liabilities	3,448	172	3,177
Deferred tax	32,322	29,602	31,691
Total non-current liabilities	<u>129,615</u>	<u>124,767</u>	<u>133,040</u>
Total liabilities	<u>175,392</u>	<u>163,583</u>	<u>177,389</u>
Shareholders' Equity			
Share capital	77,565	77,260	77,182
Warrant Certificates	519	527	519
Revaluation surplus	4,152	4,183	4,155
Related Party Surplus	125	125	125
Equity settled service reserve	1,171	1,779	1,538
Foreign exchange translation	3,333	1,018	1,859
Retained earnings	64,207	64,645	65,009
Equity attributable to Shareholders of the Company	<u>151,072</u>	<u>149,537</u>	<u>150,387</u>
Non-controlling interest	7,580	5,086	7,588
Total Liabilities and Equity	<u>334,044</u>	<u>318,206</u>	<u>335,364</u>

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

Date

May 13, 2015

SKYLINE INTERNATIONAL DEVELOPMENT INC.
INTERIM CONSOLIDATED STATEMENTS OF INCOME

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

	FOR THE THREE MONTHS ENDED		FOR THE YEAR ENDED
	March 31,	March 31,	December 31,
	2015	2014	2014
	(Unaudited)	(Unaudited)	(Audited)
REVENUE			
Sale of condominiums	--	119	185
Sale of residential condos and lots	--	175	3,914
Income from investment properties	852	760	3,183
Hospitality income	23,224	17,188	71,101
Property management fees	61	17	343
Timeshare income	381	248	1,474
Other revenue	--	--	125
	<u>24,518</u>	<u>18,507</u>	<u>80,325</u>
EXPENSES AND COSTS			
Cost of sale of condominiums	--	158	207
Operating expenses of investment properties	368	310	1,256
Hospitality operating expenses	19,621	15,574	62,211
Timeshare expenses	306	92	1,364
Cost of sale of residential condos and lots	3	134	3,998
Development periodic costs	244	133	1,047
Depreciation	1,292	1,489	5,410
	<u>21,834</u>	<u>17,890</u>	<u>75,493</u>
	<u>2,684</u>	<u>617</u>	<u>4,832</u>
GROSS PROFIT			
Gain (Loss) from fair value adjustments	(59)	5,090	13,891
Selling and marketing expenses	526	1,206	3,212
Administrative and general expenses	1,062	1,025	3,390
	<u>1,037</u>	<u>3,476</u>	<u>12,121</u>
PROFIT FROM OPERATIONS			
Financial expense	1,770	1,831	6,555
Financial income	(17)	(3)	(180)
	<u>(716)</u>	<u>1,648</u>	<u>5,746</u>
PROFIT BEFORE INCOME TAXES			
Income tax expense	94	318	1,550
	<u>(810)</u>	<u>1,330</u>	<u>4,196</u>
PROFIT FOR THE PERIOD			
Attributable to:			
Shareholders of the Company	(802)	1,325	1,689
Non-controlling interest	(8)	5	2,507
	<u>(810)</u>	<u>1,330</u>	<u>4,196</u>
BASIC EARNINGS PER SHARE			
	<u>(0.05)</u>	<u>0.09</u>	<u>0.10</u>
DILUTED EARNINGS PER SHARE			
	<u>(0.05)</u>	<u>0.09</u>	<u>0.10</u>

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 thousands of Canadian Dollars)



	FOR THE THREE MONTHS ENDED		FOR THE YEAR ENDED
	March 31,	March 31,	Dec 31,
	2015	2014	2014
	(Unaudited)	(Unaudited)	(Audited)
PROFIT FOR THE PERIOD	(810)	1,330	4,196
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation surplus of property, plant and equipment, before income taxes	(4)	(12)	(53)
Income taxes	1	3	16
Items that will or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	1,474	165	1,006
OTHER COMPREHENSIVE INCOME FOR THE PERIOD net of taxes	1,471	156	969
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, net of taxes	661	1,486	5,165
Attributable to:			
Non-controlling interest	(8)	5	2,507
Shareholders of the Company	669	1,481	2,658
	661	1,486	5,165

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 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)	--	--	--	--	--	--
Loss 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>
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 year	--	--	(9)	--	--	165	--	156	--	156
Total comprehensive income for the period	--	--	(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>

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 December 31, 2014										
<i>(Audited)</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	18,613	519	--	--	--	--	--	19,132	--	19,132
Profit for the period	--	--	--	--	--	--	1,689	1,689	2,507	4,196
Other comprehensive income for the year	--	--	(37)	--	--	1,006	--	969	--	969
Total comprehensive income for the year	--	--	(37)	--	--	1,006	1,689	2,658	2,507	5,165
Recognition of Share-based payment	--	--	--	(165)	--	--	--	(165)	--	(165)
Balance at the end of the period	<u>77,182</u>	<u>519</u>	<u>4,155</u>	<u>1,538</u>	<u>125</u>	<u>1,859</u>	<u>65,009</u>	<u>150,387</u>	<u>7,588</u>	<u>157,975</u>

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)

	FOR THREE MONTHS ENDED		FOR THE
	March 31, 2015	March 31, 2014	YEAR ENDED December 31, 2014
	(Unaudited)	(Unaudited)	(Audited)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES			
Operating			
Profit (Loss) for the period	(810)	1,330	4,196
Add (deduct) items not involving cash:			
Depreciation and amortization	1,357	1,771	5,819
Gain from fair value adjustments	59	(5,090)	(13,891)
Deferred tax	(169)	361	2,707
Equity settled service reserve	16	76	(165)
Changes in non-cash working capital			
Trade receivables	492	(56)	(596)
Other receivables and prepayments	(671)	166	(107)
Restricted bank deposits	569	1,454	1,520
Inventories	166	192	756
Real Estate Inventory	(1,706)	(16)	(1,639)
Trade and other payables and credit balances	(802)	(417)	1,514
Income taxes payable	18	(334)	(786)
Purchasers Deposits	450	113	562
	<u>(1,031)</u>	<u>(450)</u>	<u>(110)</u>
Investing			
Investment in available for sale assets	--	--	(1,157)
Additions to investment properties	(76)	(76)	(316)
Additions to property, plant and equipment	(590)	(2,249)	(8,279)
Proceeds of loans given to purchasers	--	--	318
Net cash used in a business acquisition (Schedule A)	--	--	(2,672)
	<u>(666)</u>	<u>(2,325)</u>	<u>(12,106)</u>
Financing			
Bank credit and other short-term loans	988	109	(1,024)
Proceeds on loans payable	1,138	405	10,701
Repayments of loans payable	(656)	(762)	(4,443)
Repayments of loans payable to related parties	(5,674)	(203)	(531)
Change in tenants' deposits	271	6	151
Deferred financing costs paid	(60)	(262) *	(586)
Common shares issued	--	19,218	19,132
	<u>(3,993)</u>	<u>18,511</u>	<u>23,400</u>
Foreign Exchange translation of foreign operations	(74)	--	(1,820)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	<u>(5,764)</u>	<u>15,736</u>	<u>9,364</u>
Cash and cash equivalents, beginning of the year	<u>14,942</u>	<u>5,578</u>	<u>5,578</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>9,178</u>	<u>21,314</u>	<u>14,942</u>
SUPPLEMENTAL CASH FLOW INFORMATION			
Interest paid	1,651	1,712	6,071
Interest received	17	3	180
Income taxes paid	389	335	909

* Reclassified

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 Bear Valley Resort

	FOR THREE MONTHS ENDED		FOR THE
	March 31,	March 31,	YEARS ENDED
	2015	2014	December 31,
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>2014</i>
			<i>(Audited)</i>
Working Capital, net of cash and cash equivalents	--	--	292
Inventory	--	--	(164)
Property, plant and equipment	--	--	(7,198)
Deferred revenue	--	--	1,538
Other Long term Liabilities	--	--	2,860
Net assets consolidated	<u>--</u>	<u>--</u>	<u>(2,672)</u>
Net cash used in acquisition of Bear Valley Resort	<u>--</u>	<u>--</u>	<u>(2,672)</u>

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 THREE MONTHS ENDED MARCH 31, 2015 & 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 66.16% 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 for 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 \$8,761 of current maturities of long term loans and short-term loans from third parties, and \$12,420 loans payable to related parties. There is a net cash outflow of \$1,031 as per the consolidated statements of cash flow for March 31, 2015. This net outflow from operations, when applicable, is not expected to adversely affect the Company's business operations, as according to its past experience, financial institutions refinance the loans as well as 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.

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, 2015 until March 31, 2015 the foreign exchange rate of the U.S. dollar compared to the Canadian dollar increased by 9.2%. From April 1, 2015 until the date those financial statements were published the foreign exchange difference on the U.S. dollar compared to the Canadian dollar decreased by 5%

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, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Loans payable	104,035	92,649	102,606	93,230
Loans payable to related parties	12,420	17,939	12,420	17,939
	116,455	110,588	115,026	111,169

SKYLINE INTERNATIONAL DEVELOPMENT INC.
SELECTED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2015 & 2014

(Unaudited) (in thousands of Canadian Dollars)

5 SIGNIFICANT EVENTS DURING THE PERIOD

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. Since the original agreement, reached on February 26, 2014, the Company continued negotiations with the third party. The original agreement as described above was amended subsequently and a binding term sheet was signed on October 15, 2014. The principal terms are described below:

1. The third party will purchase 239,924 shares of the Company at \$12.09 per share (equal to the IPO issuance price) for a total consideration of \$2,900. This represents 1.43% of the outstanding shares of the Company.
2. In addition, the third party will receive a non-tradable option to purchase, one year from the closing date (see 7 below), additional shares of the Company at a price of \$0.01 per share, if the actual stock price decrease below \$12.09. In that case the third party will receive an additional amount of shares which will compensate for the difference between the market price of the 239,924 shares and \$3,000. The market price will not be less than the market price of the Company's actual closing date.
3. The Company and the third party will purchase the development lands from Skyline Blue Mountain Development (SBMD). The Company will acquire 60% of the development lands and the third party will acquire the remaining 40% of the development lands. The acquisition will be made in cash, while the Company will pay a total of \$8,750, the third party will pay \$5,926.
4. The Company will purchase some of the third party's share of development lands for \$3,676 in cash.
5. The Company will sell 9% of Skyline Blue Mountain Village (SBMV) to the third party in exchange for \$776 in cash so the Company's share will be reduced to 51%.
6. The binding term sheet establishes a number of conditions precedent customary to this type of transaction.
7. The Company expects the transaction to be closed by the end of June, 2015, provided all the conditions have been met ("Closing Date"). Upon completion of the transaction, the Company is not expected to record a gain or loss of any material amount in its financial statements.

Exercise of Options

On January 23, 2015 one of the Company's employees exercised 3,100 options and was issued 3,100 common shares (The price of the Company's share on the exercise date was \$6.89 dollars per share). On March 1, 2015 one of the Company's employees exercised 2,320 options and was issued 2,320 common shares (The price of the Company's share on the exercise date was \$7.13 dollars per share). As for March 31, 2015 the amount of outstanding options is 538,680.

Expiration of Options

On March 19, 2015 an amount of 102,460 options, that were held by Company's former director, expired.

Sale of asset

During the first quarter of 2015, following the decision made by the Board of Directors, the Company classified the asset as "held for sale" in accordance with IFRS 5. See also note 8.

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:

SKYLINE INTERNATIONAL DEVELOPMENT INC.
SELECTED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2015 & 2014

(Unaudited) (in thousands of Canadian Dollars)

6 SEGMENTED INFORMATION (continued)

	For the three months ended March 31, 2015 (unaudited)				
	Investment properties	Development	Hospitality	Other	Total
REVENUE					
Income from investment properties	852	--	--	--	852
Hospitality income	--	--	23,224	--	23,224
Property management fees	--	--	61	--	61
Timeshare income	--	--	--	381	381
	852	--	23,285	381	24,518
EXPENSES AND COSTS					
Operating expenses of investment properties	368	--	--	--	368
Hospitality operating expenses	--	--	19,621	--	19,621
Timeshare expenses	--	--	--	306	306
Cost of sale of residential condos and lots	--	3	--	--	3
Development periodic costs	--	244	--	--	244
Depreciation	--	17	1,220	55	1,292
	368	264	20,841	361	21,834
SEGMENTED RESULTS	484	(264)	2,444	20	2,684
Gain (Loss) 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)				
	Investment properties	Development	Hospitality	Other	Total
Assets	104,054	62,942	164,319	2,729	334,044
Liabilities	47,035	61,406	60,653	6,298	175,392
	57,019	1,536	103,666	(3,569)	158,652

SKYLINE INTERNATIONAL DEVELOPMENT INC.
SELECTED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2015 & 2014

(Unaudited) (in thousands of Canadian Dollars)

6 SEGMENTED INFORMATION (continued)

	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
	<u>760</u>	<u>294</u>	<u>17,205</u>	<u>248</u>	<u>18,507</u>
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
	<u>310</u>	<u>477</u>	<u>16,988</u>	<u>115</u>	<u>17,890</u>
SEGMENTED RESULTS	<u>450</u>	<u>(183)</u>	<u>217</u>	<u>133</u>	<u>617</u>
Gain (Loss) from fair value adjustments	5,090	--	--	--	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					<u>1,648</u>

	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
	<u>74,650</u>	<u>4,729</u>	<u>77,169</u>	<u>(1,925)</u>	<u>154,623</u>

SKYLINE INTERNATIONAL DEVELOPMENT INC.
SELECTED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2015 & 2014

(Unaudited) (in thousands of Canadian Dollars)

6 SEGMENTED INFORMATION (continued)

	For the year ended December 31, 2014 (Audited)				
	Investment properties	Development	Hospitality	Other	Total
REVENUE					
Sale of condominiums	--	185	--	--	185
Sale of residential condos and lots	--	3,914	--	--	3,914
Income from investment properties	3,183	--	--	--	3,183
Hospitality income	--	--	71,101	--	71,101
Property management fees	42	--	301	--	343
Timeshare income	--	--	--	1,474	1,474
Other revenue	125	--	--	--	125
	<u>3,350</u>	<u>4,099</u>	<u>71,402</u>	<u>1,474</u>	<u>80,325</u>
EXPENSES AND COSTS					
Cost of sale of condominiums	--	207	--	--	207
Operating expenses of investment properties	1,256	--	--	--	1,256
Hospitality operating expenses	--	--	62,211	--	62,211
Timeshare expenses	--	--	--	1,364	1,364
Cost of sale of residential condos and lots	--	3,998	--	--	3,998
Development periodic costs	--	1,047	--	--	1,047
Depreciation	--	157	5,104	149	5,410
	<u>1,256</u>	<u>5,409</u>	<u>67,315</u>	<u>1,513</u>	<u>75,493</u>
SEGMENTED RESULTS	2,094	(1,310)	4,087	(39)	4,832
Gain (Loss) from fair value adjustments	13,891	--	--	--	13,891
Selling and marketing expenses	--	--	--	--	3,212
Administrative and general expenses	--	--	--	--	3,390
Financial expense	--	--	--	--	6,555
Financial income	--	--	--	--	(180)
PROFIT BEFORE INCOME TAXES					5,746

	As at December 31, 2014 (Audited)				
	Investment properties	Development	Hospitality	Other	Total
Assets	104,217	61,542	166,714	2,891	335,364
Liabilities	46,631	60,170	64,697	5,891	177,389
	<u>57,586</u>	<u>1,372</u>	<u>102,017</u>	<u>(3,000)</u>	<u>157,975</u>

SKYLINE INTERNATIONAL DEVELOPMENT INC.
SELECTED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2015 & 2014

(Unaudited) (in thousands of Canadian Dollars)

6 SEGMENTED INFORMATION (continued)

(c) Timeshare Operations

During late 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.

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 (see below) to third parties. The placing of real estate to the trustee and issuance of points are intended to mirror actual sales.

As of March 31, 2015, SVOC sold 481,739 points and had an inventory of 168,121 points available. Prospective club members have 10 days from the date of signing an agreement to withdraw from the agreement. Any deposit not withdrawn after the 10 days are forfeited or can be refunded at the discretion of management. Remaining balances not paid are recorded as deferred revenue until the transaction closes.

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 7, 2015, the Company, entered into irrevocable agreement of purchase and sale to sell its real estate holdings at one of its hospitality properties, which is presented as “held for sale”, to an unrelated third party for a total consideration of \$12,950. As of March 31, 2015 the balance of loan mortgaged on the property is \$2,960, which is presented in the current liabilities. The closing is expected to occur during the third quarter of 2015, which will result in a positive cash flow of \$9,500.

As per the agreement, on May 11, 2015, the buyer paid an irrevocable advance of \$1,000. The balance of the consideration will be paid upon closing of the transaction and is subject to receipt of all necessary approvals for the transfer of rights in the property, including the regulatory approvals for the transfer of rights and assignment of all rights in as set forth in the agreement.