BLUE RIDGE REAL ESTATE COMPANY

Route 940 and Moseywood Road
P O Box 707
Blakeslee, PA 18610

2015

SECOND QUARTER REPORT

For the Three and Six Months Ended April 30, 2015 and 2014
(Unaudited)

The accompanying unaudited interim financial statements have been prepared by the Company's management. Independent auditors have performed a review of these financial statements.

BLUE RIDGE REAL ESTATE COMPANY AND SUBSIDIARIES
QUARTERLY REPORT

1) Name of the issuer and its predecessors (if any)

The name of the issuer is Blue Ridge Real Estate Company ("Blue Ridge", the "Company", "we", "our," or "us").

2) Address of the issuer's principal executive offices

Company Headquarters
Blue Ridge Real Estate Company
Route 940 and Moseywood Road
P O Box 707
Blakeslee, PA 18610

Phone: (570) 443-8433
Fax: (570) 443-8412
Website: www.brreco.com

IR Contact
Not Applicable

3) Security Information

Trading Symbol:	BRRE
Exact title and class of securities outstanding:	Common Stock
CUSIP:	096005301
Par or Stated Value:	$0.30 per share
Total shares authorized:	6,000,000 as of April 30, 2015
Total shares outstanding:	2,444,565 as of April 30, 2015

Transfer Agent

Mailing Address:
American Stock Transfer & Trust Company, LLC
Operations Center
6201 15th Avenue
Brooklyn, NY 11219

Shareholder Services: 888-509-4619
Website: www.amstock.com
Email: info@amstock.com
Fax: (718) 236-2641

American Stock Transfer & Trust Company is a registered transfer agent under the Securities and Exchange Act of 1934, as amended, and is regulated by the Securities and Exchange Commission.

List any restrictions on the transfer of security: None.

Describe any trading suspension orders issued by the SEC in the past 12 months. None.

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

On September 5, 2014, Jack Frost Mountain Company, a Pennsylvania Corporation, a wholly-owned subsidiary of Blue Ridge Real Estate Company, merged with and into Blue Ridge, with Blue Ridge being the surviving corporation. As a result of the Merger, the separate corporate existence of Jack Frost Mountain Company ceased.

On September 5, 2014, Lake Mountain Company, a Pennsylvania Corporation, a wholly-owned subsidiary of Blue Ridge Real Estate Company, merged with and into Blue Ridge, with Blue Ridge being the surviving corporation. As a result of the Merger, the separate corporate existence of Lake Mountain Company ceased.

4) Issuance History

The Company has not issued any shares of the Company's common stock in exchange for services during the past two fiscal years or any interim period.

On February 7, 2014, Blue Ridge completed an odd-lot tender offer resulting in the purchase of an aggregate of 4,076 shares of its common stock at a purchase price of $11 per share plus a $100 bonus per account holder (net to the seller in cash, without interest), for a total cost of approximately $59,000, excluding fees and expense related to the tender. Common shares acquired in the Offer were cancelled and returned to the status of authorized but unissued shares. Blue Ridge filed Schedule 13E-3s and other relevant documents with the Securities and Exchange Commission in connection with this odd-lot tender offer.

On February 13, 2014, the Company filed a Form 15 with the Securities and Exchange Commission which resulted in the Company's deregistration and suspension of its reporting obligations under the Securities Exchange Act of 1934, as amended.

On March 25, 2014, the Company cancelled and returned to the status of authorized but unissued, 282,018 shares held in treasury.

During the fiscal year ended October 31, 2014, the Company repurchased 1,572 shares of its common stock. For the six months ending April 30, 2015, the Company repurchased 211 shares of its common stock. Upon transfer, all shares were cancelled and returned to the status of authorized but unissued.

5) Financial Statements

The following financial statements of the company are included in this Quarterly Report at the pages noted below:

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Balance Sheets as of April 30, 2015 (Unaudited) and October 31, 2014	7
Statements of Operations for the Three and Six Months ended April 30, 2015 and 2014 (Unaudited)	8
Statements of Comprehensive Income (Loss) for the Six Months ended April 30, 2015 and 2014 (Unaudited)	9
Statements of Changes in Shareholders' Equity for the Six months ended April 30, 2015 (Unaudited)	10
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6) Describe the Issuer's Business, Products and Services

Blue Ridge Real Estate Company, or Blue Ridge, was incorporated in Pennsylvania on August 8, 1911. Blue Ridge believes that it is one of the largest owners of investment property in Northeastern Pennsylvania.

Blue Ridge's year end date is October 31st.

Blue Ridge's primary SIC code is 6500.

Blue Ridge and its wholly-owned subsidiaries, operate through two business segments which consist of Real Estate Management/Rental Operations and Land Resource Management. Our business segments were determined

from our internal organization and management reporting, which are based primarily on differences in services we provide.

Real Estate Management/Rental Operations (SIC Code 6519)

Real Estate Management/Rental Operations consists of: investment properties leased to others located in Eastern Pennsylvania, New Jersey, Minnesota and Louisiana; recreational club activities and services to the trusts that operate resort residential communities; sales of investment properties; and rental of land and land improvements.

Land Resource Management (SIC Code 6552)

Land Resource Management consists of: land sales; land purchases; timbering operations; the Jack Frost National Golf Course, and a real estate development division. Timbering operations consist of selective timbering on our land holdings. Contracts are entered into for parcels that have had the timber selectively marked. The real estate development division is responsible for the residential land development activities which include overseeing the construction of single and multi-family homes and development of infrastructure.

7) Describe the Issuer's Facilities

At April 30, 2015, the properties of Blue Ridge and its subsidiaries consisted of 9,924 total acres of land owned by Blue Ridge, Northeast Land Company, Flower Fields Motel, LLC, Blue Ridge WNJ, LLC and Blue Ridge WMN, LLC. 9,921 acres of land are located in the Pocono Mountains, along with 3 acres in various other states. Of this acreage, 8,490 acres were held for investment, 1,433 acres were held for development and 1 acre was held for discontinued operations. Income is derived from these lands through leases, selective timbering by third parties, sales and other dispositions.

These properties included the Jack Frost National Golf Course, Boulder View Tavern, Big Boulder Lake Mountain Club, a commercial property comprised of 3 acres of vacant land, one shopping center, two retail stores leased to affiliates of Walgreen Company, two single family homes held for investment, two sewage treatment facilities, a members-only fly fishing club, a corporate headquarters building and other miscellaneous facilities.

The majority of the Company's property located in the Pocono Mountains is leased to various hunting clubs.

Blue Ridge owns and leases to its wholly-owned subsidiary, Jack Frost National Golf Course, Inc., an 18-hole golf facility known as Jack Frost National Golf Club, which is located on 203 acres near White Haven, Carbon County, Pennsylvania. It is managed by Billy Casper Golf, LLC, an unaffiliated third party operator.

Blue Ridge owns the Boulder View Tavern, which consists of 8,800 square feet and is located on the eastern shore of Big Boulder Lake, Kidder Township, Carbon County, Pennsylvania. The restaurant initially commenced operations in May 1986. Boulder View Tavern, Inc., an affiliate of Peak Resorts, leased the facility since 2008. Effective, March 16, 2015, the lease with Boulder View Tavern, Inc., was terminated. On March 2, 2015, Management entered into a lease agreement with Lake Mountain, LLC, a wholly owned subsidiary of Blue Ridge Real Estate Company, to lease the facility for a 5 year period. The restaurant has dining capacity for 100 patrons.

Blue Ridge owns the Boulder Lake Club located in Kidder Township, Carbon County, Pennsylvania, which includes the 175-acre Big Boulder Lake, swimming pool, tennis courts, boat docks and accompanying buildings. Boulder Lake Club was leased to Boulder View Tavern, Inc., an affiliate of Peak Resorts, effective November 1, 2013. Effective, March 16, 2015, the lease with Boulder View Tavern, Inc., was terminated. On March 2, 2015, Management entered into a lease agreement with Lake Mountain, LLC, a wholly owned subsidiary of Blue Ridge Real Estate Company, to lease the facility for a 5 year period.

Blue Ridge owns two single family homes held for investment.

Blue Ridge owns a sewage treatment facility that serves the resort housing at the Jack Frost Mountain Ski Area. The facility has the capacity of treating up to 400,000 gallons of wastewater per day.

Blue Ridge owns a sewage treatment facility that serves the resort housing at the Big Boulder Ski Area. The facility has the capacity of treating 225,000 gallons of wastewater per day.

Blue Ridge owns The Stretch, an exclusive members-only fly fishing club, located along a two mile stretch of the Tunkhannock Creek in Blakeslee, Pennsylvania.

Blue Ridge owns its corporate headquarters building which is located at the intersection of Route 940 and Moseywood Road in Blakeslee, Pennsylvania.

Northeast Land Company owns 89 acres of vacant land located in the Pocono Mountains, of which 3 acres are held for investment and 86 acres of land are held for development.

Coursey Commons Shopping Center, located in East Baton Rouge Parrish, Louisiana, was owned by Coursey Commons Shopping Center, LLC, a wholly-owned subsidiary of Blue Ridge. The center consisted of 10 acres of land which are reported as acres of discontinued operations. On December 15, 2014, the Company sold the Coursey Commons Shopping Center to Wal-Mart Real Estate Business Trust.

Flower Fields Motel, LLC owns approximately 3 acres of vacant commercial property located along Route 611 in Tannersville, Pennsylvania. The property was the former location of a motel and two cottage buildings which were demolished during the summer of 2008.

Blue Ridge WNJ, LLC owns and leases to Walgreen Eastern Co., Inc., a retail store in Toms River, New Jersey. The property consists of a free standing Walgreens store, including 2 acres of land, with approximately 14,820 square feet of leasable space.

Blue Ridge WMN, LLC owns and leases to Walgreen Co., Inc., a retail store located in White Bear Lake, Minnesota. The property consists of a free standing Walgreens store, including 2 acres of land, with approximately 14,820 square feet of leasable space.

8) Officers, Directors, and Control Persons

A. Names of Officers, Directors, and Control Persons.

The following sets forth the names of each of the executive officers, directors, general partners and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the Company's equity securities) of the Company as of the date of this information statement.

Bruce Beaty	Chairman of the Board, President and Chief Executive Officer
Paul A. Biddelman	Director
Ray Edwards	Director
David Domb	Director
Cynthia A. Van Horn	Chief Financial Officer and Treasurer
Kimco Realty Services, Inc. 3333 New Hyde Park Road, Suite 100 New Hyde Park, NY 10042-0020	Principal Stockholder

B. Legal/Disciplinary History.

1. There have been no criminal actions against any of the above members.
2. There has been no order, judgment, or decree by a court against any of the above members.
3. There have been no findings or judgment from the SEC, CFTC or state securities regulator against any of the above members.
4. There has been no order barring, suspending, or otherwise limiting any of the above persons' involvement in any type of business or securities activities.

C. Beneficial Shareholders.

The following company holds more than 10% of Blue Ridge common shares. The information is accurate as of the issuance date of this report.

Name of Beneficial Owner	Number of Shares Beneficially Owned (1)
Kimco Realty Services, Inc. David B. Henry, Director Glenn G. Cohen, Director Conor C. Flynn, Director 3333 New Hyde Park Road, Suite 100 New Hyde Park, NY 10042-0020	1,425,153

(1) Shares are beneficially owned when a person, directly or indirectly, has or shares the voting power thereof (that is, the power to vote, or direct the voting, of such shares) and investment power thereof (that is, the power to dispose, or to direct the disposition, of such shares).

9) Third Party Providers

Legal Counsel
Joanne R. Soslow, Esquire
Morgan, Lewis & Bockius
1701 Market Street
(215) 963-5000

Investor Relations Consultant
Not Applicable

Accountant or Auditor
Mario Ercolani, CPA
Kronick Kalada Berdy & Co.
190 Lathrop Street
Kingston, PA 18704
(570) 283-2727

Other Advisor:
Not Applicable

10) Issuer Certification

I, Bruce Beaty certify that:

1. I have reviewed this quarterly disclosure statement of Blue Ridge Real Estate Company;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: June 15, 2015

/s/ Bruce Beaty
Bruce Beaty
Chief Executive Officer and President

I, Cynthia A. Van Horn certify that:

1. I have reviewed this quarterly disclosure statement of Blue Ridge Real Estate Company;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: June 15, 2015

/s/ Cynthia A. Van Horn
Cynthia A. Van Horn
Chief Financial Officer and Treasurer
(Principal Financial Officer)

BLUE RIDGE REAL ESTATE COMPANY and SUBSIDIARIES

BALANCE SHEETS

ASSETS	(Unaudited) 04/30/15	10/31/14
Land and land development costs (1,433 acres per land ledger)	**$14,517,523**	$14,517,523
Land improvements, buildings and equipment, net	**12,028,527**	11,997,962
Land held for investment, principally unimproved (8,490 acres per land ledger)	**4,186,203**	4,186,203
Long-lived assets held for sale (0 and 1 acres per land ledger, respectively)	**0**	5,403
Cash and cash equivalents	**1,304,258**	1,444,103
Marketable securities available for sale at cost, which approximates market	**7,485,192**	1,007,419
Cash held in escrow	**98,016**	97,969
Prepaid expenses and other assets	**407,503**	463,540
Accounts receivable	**110,986**	182,485
Assets of discontinued operations (1 and 11 acres per land ledger, respectively)	**166,682**	8,943,983
Total assets	**$40,304,890**	$42,846,590
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Debt	**$7,313,416**	$7,433,520
Accounts payable	**431,104**	179,338
Accrued liabilities	**168,586**	515,461
Deferred income	**386,648**	85,016
Accumulated deferred income taxes	**460,360**	66,360
Accrued pension expense	**2,348,611**	2,368,431
Liabilities of discontinued operations	**0**	3,000,000
Total liabilities	**11,108,725**	13,648,126
SHAREHOLDERS' EQUITY:		
Capital stock, without par value, stated value $0.30 per share, Blue Ridge authorized 6,000,000 shares, issued 2,444,565 and 2,444,776, respectively	**733,370**	733,433
Capital in excess of stated value	**18,260,929**	18,262,554
Earnings retained in the business	**12,028,279**	12,028,890
Accumulated other comprehensive loss	**(1,826,413)**	(1,826,413)
Total shareholders' equity	**29,196,165**	29,198,464
Total liabilities and shareholders’ equity	**$40,304,890**	$42,846,590

See accompanying notes to unaudited financial statements.

BLUE RIDGE REAL ESTATE COMPANY and SUBSIDIARIES

STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED APRIL 30, 2015 and 2014
(UNAUDITED)

	Three Months Ended		Six Months Ended	
	04/30/15	04/30/14	**04/30/15**	04/30/14
Revenues:				
Real estate management revenue	**$238,035**	$238,845	**$460,566**	$449,990
Land resource management revenue	**101,301**	51,599	**135,440**	5,122,589
Rental income revenue	**202,596**	215,136	**406,596**	421,686
Total revenues	**541,932**	505,580	**1,002,602**	5,994,265
Costs and expenses:				
Real estate management costs	**239,049**	269,802	**491,313**	508,119
Land resource management costs	**440,288**	640,459	**760,436**	1,285,313
Rental income costs	**69,064**	99,001	**194,642**	205,848
General and administration expense	**442,198**	443,029	**861,853**	1,096,394
Gain on sale of assets	**(2,439)**	(1,016)	**(2,439)**	(1,016)
Total costs and expenses	**1,188,160**	1,451,275	**2,305,805**	3,094,658
Operating income (loss) profit from continuing operations before other income and (expense)	**(646,228)**	(945,695)	**(1,303,203)**	2,899,607
Other income and (expense):				
Interest and other income	**23**	(467)	**1,354**	1,769
Interest expense	**(126,415)**	(131,976)	**(253,836)**	(263,147)
Interest and dividends on marketable securities, net	**8,247**	5,829	**10,792**	5,829
Loss on disposition of marketable securities	**(21)**	(26)	**(26)**	(26)
Total other income and expense	**(118,166)**	(126,640)	**(241,716)**	(255,575)
(Loss) income from continuing operations before income taxes	**(764,394)**	(1,072,335)	**(1,544,919)**	2,644,032
(Benefit) provision for income taxes on continuing operations:	**(260,000)**	(389,000)	**(525,000)**	1,117,000
(Loss) income before discontinued operations	**(504,394)**	(683,335)	**(1,019,919)**	1,527,032
Discontinued operations before income taxes (including $1,879,732 gain on disposal in 2015)	**(11,515)**	35,252	**1,938,308**	65,468
Provision for income taxes on discontinued operations:	**(4,000)**	12,000	**919,000**	23,000
Income (loss) from discontinued operations	**(7,515)**	23,252	**1,019,308**	42,468
Net (loss) income	**($511,909)**	($660,083)	**($611)**	$1,569,500
Basic (loss) earnings per weighted average share:				
(Loss) income before discontinued operations	**($0.21)**	($0.28)	**($0.42)**	$0.62
Income (loss) from discontinued operations, net of tax	**(0.00)**	0.01	**0.42**	0.02
Total basic (loss) earnings per weighted average share	**($0.21)**	($0.27)	**$0.00**	$0.64

See accompanying notes to unaudited financial statements.

BLUE RIDGE REAL ESTATE COMPANY and SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE SIX MONTHS ENDED APRIL 30, 2015 AND 2014
(UNAUDITED)

	2015	2014
Net (loss) income	**($611)**	$1,569,500
Other comprehensive, net of tax		
Defined benefit pension		
Deferred actuarial loss, net of deferred tax expense	**0**	0
Other comprehensive income	**0**	0
Total comprehensive (loss) income	**($611)**	$1,569,500

See accompanying notes to unaudited financial statements.

BLUE RIDGE REAL ESTATE COMPANY and SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED APRIL 30, 2015
(UNAUDITED)

	Capital Stock (1)		Capital in Excess of	Earnings Retained in	Accumulated Other Comprehensive	
	Shares	Amount	Stated Par	the Business	Loss	Total
Balance, October 31, 2014	2,446,776	$733,433	$18,262,554	$12,028,890	($1,826,413)	$29,198,464
Cancellation of shares purchased in buyback program	(211)	(63)	(1,625)			(1,688)
Net loss				(611)		(611)
Balance, April 30, 2015	2,446,565	$733,370	$18,260,929	$12,028,279	($1,826,413)	$29,196,165

(1) Capital stock, at stated value of $0.30 per share

See accompanying notes to unaudited financial statements.

BLUE RIDGE REAL ESTATE COMPANY and SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED APRIL 30, 2015 AND 2014
(UNAUDITED)

	04/30/15	04/30/14
Cash Flows Provided By Operating Activities:		
Net (loss) income	**($611)**	$1,569,500
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:		
Depreciation and amortization	**386,103**	545,351
Amortization of investment premiums	**45,901**	41,519
Loss on marketable securities	**26**	26
Abandonment	**0**	272,053
Deferred income taxes	**394,000**	1,140,000
Gain on sale of assets	**(1,882,171)**	(1,016)
Changes in operating assets and liabilities:		
Cash held in escrow	**(47)**	(51)
Accounts receivable	**71,499**	(22,526)
Prepaid expenses and other assets	**56,037**	(57,997)
Long-lived assets held for sale	**5,403**	329,821
Accounts payable and accrued liabilities	**(114,929)**	4,669
Deferred income	**301,632**	193,959
Net cash (used in) provided by operating activities	**(737,157)**	4,015,308
Cash Flows Provided By (Used In) Investing Activities:		
Purchases of marketable securities	**(8,523,700)**	(5,826,323)
Proceeds from disposition of assets	**10,659,472**	2,200
Proceeds from maturities of marketable securities	**2,000,000**	1,250,000
Additions to properties	**(416,668)**	(224,000)
Net cash provided by (used in) investing activities	**3,719,104**	(4,798,123)
Cash Flows Provided By (Used In) Financing Activities:		
Proceeds from debt	**0**	85,073
Payment of debt	**(3,120,104)**	(207,086)
Purchase of common stock	**(1,688)**	(44,836)
Net cash used in financing activities	**(3,121,792)**	(166,849)
Net decrease in cash and cash equivalents	**(139,845)**	(949,664)
Cash and cash equivalents, beginning of period	**1,444,103**	3,416,359
Cash and cash equivalents, ending of period	**$1,304,258**	$2,466,695

See accompanying notes to unaudited financial statements.

NOTES TO UNAUDITED FINANCIAL STATEMENTS

1. Basis of Combination

The accompanying unaudited financial statements include the accounts of Blue Ridge Real Estate Company and its wholly-owned subsidiaries (Northeast Land Company, Boulder Creek Resort Company, Moseywood Construction Company, Jack Frost National Golf Course, Inc., BRRE Holdings, Inc., Coursey Commons Shopping Center, LLC, Coursey Creek, LLC, Cobble Creek, LLC, Flower Fields Motel, LLC, Blue Ridge WNJ, LLC, Blue Ridge WMN, LLC and Lake Mountain, LLC) (collectively "Blue Ridge").

The balance sheet as of October 31, 2014, which has been derived from audited financial statements, and the financial statements as of and for the three and six month periods ended April 30, 2015 and 2014, which are unaudited, are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information. They do not include all information and footnotes required by GAAP for complete financial statements. Accordingly, these financial statements should be read in conjunction with the combined financial statements and notes thereto contained in the Company's 2014 Annual Report filed with OTC Markets on January 29, 2015. In the opinion of management, the accompanying financial statements reflect all adjustments (which are of a normal recurring nature) necessary for a fair statement of the results for the interim periods. All significant intercompany accounts and transactions are eliminated.

Due to intermittent revenues from land resource management, the results of operations for any interim period are not necessarily indicative of the results expected for the full fiscal year.

2. Significant Accounting Policies

Use of Estimates and Assumptions:

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. For example, unexpected changes in market conditions or a continued or further downturn in the economy could adversely affect actual results. Estimates are used in accounting for, among other things, land development costs, asset fair value calculations, accounts and mortgages receivables, legal liability, insurance liability, depreciation, employee benefits, taxes, and contingencies. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period in which the revisions are determined.

Management believes that its accounting policies regarding revenue recognition, land development costs, long lived assets, deferred income and income taxes among others, affect its more significant judgments and estimates used in the preparation of its financial statements. For a description of these critical accounting policies and estimates, see "Management's Discussion and Analysis of Financial Condition and Results of Operations". There were no significant changes in the Company's critical accounting policies or estimates since the Company's fiscal year ended October 31, 2014 ("Fiscal 2014"). Material subsequent events are evaluated and disclosed through the issuance date of this Quarterly Report.

Cash Concentration:

At April 30, 2015, the Company had $38,008 on deposit in excess of the FDIC insured limit of $250,000. The Company also had $827,012 invested in a money market fund at April 30, 2015 which is not insured by the FDIC.

Cash Held in Escrow:

Cash held in escrow consists of deposits held by the Company for golf course memberships and real estate transactions.

Marketable Securities:

Marketable securities consist of debt securities (16 positions of corporate bonds and notes and 1 position of federal agency bonds) and a money market account. The securities are stated at cost which approximates fair value and are considered available for sale. Securities are not purchased with the intent of selling in the near term. However, from time to time, the Company may decide to sell certain securities for liquidity, tax planning and other business purposes. The cost of securities sold is determined by the specific identification method. Investments are adjusted for amortization of premiums and accretion of discounts and recognized as an adjustment of interest income. Interest and dividends on marketable securities are recognized as income when earned. Contractual maturities on the debt securities range from 1 to 24 months.

Discontinued operations:

A component of the Company is classified as a discontinued operation when (i) the operations and cash flows of the component of the Company can be clearly distinguished and have been or will be eliminated from our ongoing operations; (ii) the component has either been disposed of or is classified as held for sale; and (iii) we will not have any significant continuing involvement in the operations of the component of the Company after the disposal transactions. Significant judgments are involved in determining whether a component meets the criteria for discontinued operations reporting and the period in which these criteria are met.

If a component of the Company is reported as a discontinued operation, the results of operations through the date of sale, including any gain or loss recognized on the disposition, are presented on a separate line of the Statements of Operations.

Reclassification:

The Company reports the results of discontinued operations as a separate component of income on the statement of operations under the caption discontinued operations. This reporting presentation resulted in certain reclassifications of the 2014 financial statement amounts. Accordingly, certain amounts in the Fiscal 2014 financial statements have been reclassified to conform to the Fiscal 2015 presentation.

New Accounting Pronouncements:

In February 2013, the FASB issued ASU No. 2013-02, *"Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income"* (ASU 2013-02), requires entities to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income, but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts an entity is required to cross reference to other disclosures required under U.S. GAAP that provide additional details about these amounts. ASU 2013-02 is effective for fiscal years beginning after December 15, 2012. The adoption of this guidance, which relates to presentation only, did not have a material impact on the Company's financial statements.

In April 2014, the FASB issued Accounting Standards Update No. 2014-08 "*Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360) – Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity"* (ASU 2014-08) which requires entities to change the criteria for reporting discontinued operations and enhance convergence of the FASB's and International Accounting Standard Board's (IASB) reporting requirements for discontinued operations so as not to be overly complex or difficult to apply to stakeholders. Only those disposals of components of an entity that represent a strategic shift that has (or will have) a major effect on the entity's operations and financial results will be reported as discontinued operations in the financial statements. ASU 2014-08 is effective for fiscal years beginning on or after December 15, 2014 and interim periods thereafter. ASU 2014-08 will be effective for the Company's financial statements for fiscal years beginning November 1, 2015. Based on the Company's evaluation of ASU

2014-08, the adoption of this statement on November 1, 2015 will not have a material impact on the Company's financial statements.

3. Discontinued operations

On September 17, 2012, the Company signed an agreement of sale regarding Lot 5 Maple Terrace located in Saylorsburg, Pennsylvania. A deposit was received and the transaction was expected to close October 1, 2013. Management became aware that settlement on the property would not occur by October 1, 2013 and on August 16, 2013 extended the settlement date by addendum to the Agreement of Sale until September 30, 2014 and executed a new lease for the period October 1, 2013 through September 30, 2014. On August 6, 2014, an addendum to the lease dated August 16, 2013 was entered into with the current lessees of the property for the period of October 1, 2014 through September 30, 2015 and a Second Addendum to the Agreement of Sale was executed extending the settlement date one year to September 30, 2015. As a result, operating activity for the property is continuing to be reported as discontinued operations for the three and six months ending April 30, 2015 and 2014. The net operating results were previously reported in the rental operations in the Statements of Operations. At April 30, 2015 and October 31, 2014, respectively, there were assets related to the Maple Terrace property totaling $166,682 included in assets of discontinued operations and there were no liabilities.

On November 3, 2014, the Company signed an agreement of sale regarding the Coursey Commons Shopping Center located in Baton Rouge, Louisiana for $10,900,000. A deposit was received and the property was sold on December 15, 2014. As a result, operating activity for the property is being reported as discontinued operations for the three and six months ending April 30, 2015 and 2014. The net operating results were previously reported in the rental operations of the Statements of Operations. At October 31, 2014, there were assets related to the Coursey Commons Shopping Center totaling $8,777,301 included in assets of discontinued operations and there were liabilities totaling $3,000,000 included in liabilities of discontinued operations.

The assets as of April 30, 2015 and October 31, 2014 and the results of operations of the property classified as discontinued operations for the three and six months ended April 30, 2015 and 2014, are summarized as follows:

BALANCE SHEET	**04/30/15**	10/31/14
ASSETS		
Land improvements, buildings and equipment, net	**$124,790**	$6,693,926
Land held for investment, principally unimproved	**41,892**	2,250,057
Total assets of discontinued operations	**$166,682**	$8,943,983
LIABILITIES		
Debt	**$0**	$3,000,000
Total liabilities of discontinued operations	**$0**	$3,000,000

STATEMENTS OF OPERATIONS	Three months ended		Six months ended	
	04/30/15	04/30/14	**04/30/15**	04/30/14
Revenues:				
Maple Terrace	**$3,750**	$3,750	**$7,500**	$7,500
Coursey Commons Shopping Center	**(4,834)**	235,208	**107,435**	465,674
Total Revenue	**(1,084)**	238,958	**114,935**	473,174
Expenses (excluding interest):				
Maple Terrace	**1,556**	1,360	**3,152**	2,857
Coursey Commons Shopping Center	**8,875**	111,924	**32,710**	220,384
Total Expenses	**10,431**	113,284	**35,862**	223,241
Interest expense (calculated on debt related to the property):				
Maple Terrace	**0**	0	**0**	0
Coursey Commons Shopping Center	**0**	90,422	**20,497**	184,465
Total Interest	**0**	90,422	**20,497**	184,465
Gain on Disposal:				
Maple Terrace	**0**	0	**0**	0
Coursey Commons Shopping Center	**0**	0	**1,879,732**	0
Total Gain on Disposal	**0**	0	**1,879,732**	0
Income (loss) from discontinued operations before income taxes	**($11,515)**	$35,252	**$1,938,308**	$65,468

4. Segment Reporting

The Company currently operates in two business segments, which consist of Real Estate Management/Rental Operations and Land Resource Management.

5. Income Taxes

The provision (benefit) for income taxes for the six months ended April 30, 2015 and 2014 is estimated using the estimated annual effective tax rate for the fiscal years ending October 31, 2015 and 2014. The provision for income taxes in the six months ended April 30, 2015 includes an additional $260,000 to account for the utilization of the deferred tax asset created in Fiscal 2014, primarily related to the property sale which occurred on December 15, 2014. The provision for income taxes in the six months ended April 30, 2014 includes an additional $244,000 to account for the utilization of the deferred tax asset created in Fiscal 2013, primarily related to the land sale which occurred on November 6, 2013. The effective income tax rate specific to federal taxes for the first six months of Fiscal 2015 and Fiscal 2014 was estimated at 34%.

The Company's practice is to recognize interest and/or penalties related to income tax matters as income tax expense in its financial statements. As of and for the three and six months ended April 30, 2015, no interest and penalties have been accrued in the balance sheet and no expense is reflected in the statement of operations. At April 30, 2015, federal and state tax returns for years ending October 31, 2011 and later are subject to future examination by the respective tax authorities.

6. Land and Land Development Costs

Land and improvements in progress held for development consist of the following:

	04/30/2015	10/31/2014
Land unimproved designated for development	**$9,635,834**	$9,635,834
Residential development	**1,208,201**	1,208,201
Infrastructure development	**3,673,488**	3,673,488
Total Land and Land Development Costs	**$14,517,523**	$14,517,523

7. Land Held for Investment

	04/30/2015	10/31/2014
Land held for investment		
Land – Unimproved	**$1,791,192**	$1,791,192
Land – Commercial rental properties	**2,395,011**	2,395,011
Total land held for investment	**$4,186,203**	$4,186,203

8. Marketable Securities

The amortized costs of the marketable securities, which approximate fair market value, available for sale at April 30, 2015 was $250,165 for federal agency bonds, $6,984,937 for corporate bonds and $250,090 for two certificates of deposits. The amortized costs of the marketable securities, which approximate fair market value, available for sale at October 31, 2014 was $250,260 for federal agency bonds and $757,159 for corporate bonds. The amortized costs of the available for sale debt securities at April 30, 2015 maturing within one year was $5,961,177 and maturing one year through five years was $1,273,925.

9. Pension Benefits

Components of Net Periodic Pension Cost:

	Three Months Ended		Six Months Ended	
	04/30/15	04/30/14	**04/30/15**	04/30/14
Service Cost	**$18,182**	$24,546	**$36,365**	$49,092
Interest Cost	**89,838**	96,943	**179,676**	193,886
Expected return on plan assets	**(101,447)**	(125,557)	**(202,894)**	(251,114)
Net amortization and deferral:				
Amortization of accumulated loss	**72,874**	62,370	**145,748**	124,740
Net amortization and deferral	**72,874**	62,370	**145,748**	124,740
Total net periodic pension cost	**$79,448**	$58,302	**$158,896**	$116,604

The Company expects to contribute $423,017 to their pension plan in the fiscal year ending October 31, 2015 ("Fiscal 2015"). As of April 30, 2015, the Company made contributions totaling $178,717 and anticipate contributing the $244,300 to fund their pension plan in the remaining six months of Fiscal 2015.

10. Accumulated Other Comprehensive Loss

The following table presents the changes in the accumulated other comprehensive loss for the six months ended April 30, 2015 and the twelve months ended October 31, 2014:

	04/30/15		10/31/14	
	Defined Benefit Pension Plan	**Accumulated Other Comprehensive Loss**	Defined Benefit Pension Plan	Accumulated Other Comprehensive Loss
Beginning balance	**($1,826,413)**	**($1,826,413)**	($1,653,279)	($1,653,279)
Current period other comprehensive loss	**0**	**0**	(173,134)	(173,134)
Ending balance	**($1,826,413)**	**($1,826,413)**	($1,826,413)	($1,826,413)

The other comprehensive loss is reported net of tax.

11. Fair Value of Financial Instruments and Impairment

The Company uses ASC 820, "Fair Value Measurements" ("ASC 820"), to measure the fair value of certain assets and liabilities. ASC 820 provides a framework for measuring fair value in accordance with GAAP, establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value and requires certain disclosures about fair value measurements.

The fair value hierarchy is summarized below:

Level 1: Fair value determined based on quoted prices in active markets for identical assets or liabilities.

Level 2: Fair value determined using significant observable inputs, generally either quoted prices in active markets for similar assets or liabilities or quoted prices in markets that are not active.

Level 3: Fair value determined using significant unobservable inputs, such as pricing models, discounted cash flows, or similar techniques.

The estimated recurring fair values of the Company's financial instruments at April 30, 2015 and October 31, 2014 are as follows:

	04/30/15		10/31/14	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
ASSETS:				
Cash and cash equivalents	**$1,402,274**	**$1,402,274**	$1,542,072	$1,542,072
Marketable securities available for sale at cost, which approximates market	**7,485,192**	**7,485,192**	1,007,419	1,007,419
Accounts receivable	**110,986**	**110,986**	182,485	182,485
LIABILITIES:				
Accounts payable	**431,104**	**431,104**	179,338	179,338
Accrued liabilities	**168,586**	**168,586**	515,461	515,461
Debt (includes debt from discontinued operations)	**$7,313,416**	**$7,513,543**	$10,433,520	$10,613,493

Fair Values were determined as follows:

Cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities: The carrying amounts approximate fair value because of the short-term maturity of these instruments.

Marketable securities consist of corporate and governmental agency bonds and certificates of deposit. At April 30, 2015, marketable securities are carried at cost, which approximates fair value. Fair value of the marketable

securities for corporate and government agency bonds is determined using significant observable inputs, either quoted prices in active markets for similar assets or quoted prices in markets that are not active – Level 2 hierarchy. Fair value of money market funds is determined using unadjusted quoted prices in active markets for identical assets – Level 1 hierarchy.

Debt: The fair value of debt is estimated using discounted cash flows based on current borrowing rates available to the Company for similar types of borrowing arrangements - Level 2 hierarchy.

As of April 30, 2015, the carrying amount net of prior period impairments for land and land development costs is $14,517,523. The carrying amount net of prior period impairments for land improvements, buildings and equipment is $12,028,527. The carrying amount net of prior period impairments for land held for investment is $4,186,203. The assets of discontinued operations as of April 30, 2015 had a carrying value net of prior period adjustments for impairment of $166,682. There was no impairment expense in the six months ended April 30, 2015.

As of October 31, 2014, the carrying amount net of prior period impairments for land and land development costs is $15,484,523, less impairment expense of $967,000, recorded in Fiscal 2014 for a revised carrying value of $14,517,523. A 58-unit development project had a carrying value of $1,558,208 which was written down by an impairment charge of $967,000. Management recognized an adverse change in the manner in which the project initially was intended to be developed and determined that impairment was probable and estimable. In determining the amount of impairment, management utilized a discounted cash flow calculation. The carrying amount net of prior period impairments for land improvements, buildings and equipment is $11,997,962. The carrying amount net of prior period impairments for land held for investment is $4,186,203. The carrying amount net of prior period impairments for long-lived assets held for sale is $5,403. The assets of discontinued operations as of October 31, 2014 had a carrying value net of prior period adjustments for impairment of $8,943,983. There was a total of $967,000 impairment expense in Fiscal 2014.

12. Per Share Data

Earnings per share ("EPS") is based on the weighted average number of common shares outstanding during the period. The calculation of diluted EPS assumes weighted average options, if any, have been exercised to purchase shares of common stock in the relevant period, net of assumed repurchases using the treasury stock method. For the three and six months ended April 30, 2015 and 2014, there were no unexercised stock options. As a result, the calculation of diluted EPS has been excluded from the table below since diluted EPS for these periods is equal to EPS.

Weighted average basic shares, taking into consideration shares issued, weighted average options, if any, used in calculating EPS and treasury shares repurchased, and basic earnings (loss) per weighted average share for the three and six months ended April 30, 2015 and April 30, 2014 are as follows:

	Three Months Ended		Six Months Ended	
	04/30/15	04/30/14	**04/30/15**	04/30/14
Weighted average share of common stock outstanding used to compute basic earnings per share	**2,444,565**	2,446,454	**2,444,619**	2,448,439
Basic earnings (loss) per weighted average share is computed as follows:				
Net (loss) income before discontinued operations	**($504,394)**	($683,335)	**($1,019,919)**	$1,527,032
Weighted average share of common stock outstanding	**2,444,565**	2,446,454	**2,444,619**	2,448,439
Basic (loss) earnings per weighted average share	**($0.21)**	($0.28)	**($0.42)**	$0.62
Net income (loss) from discontinued operations	**($7,515)**	$23,252	**$1,019,308**	$42,468

Weighted average share of common stock outstanding	**2,444,565**	2,446,454	**2,444,619**	2,448,439
Basic earnings (loss) per weighted average share	**($0.00)**	$0.01	**$0.42**	$0.02
Net (loss) income	**($511,909)**	($660,083)	**($611)**	$1,569,500
Weighted average share of common stock outstanding	**2,444,565**	2,446,454	**2,444,619**	2,448,439
Basic (loss) earnings per weighted average share	**($0.21)**	($0.27)	**$0.00**	$0.64

13. Supplemental Disclosure to Statements of Cash Flows

The following are supplemental disclosures to the statements of cash flows for the six months ended April 30, 2015 and 2014:

	2015	2014
Cash paid during the period for:		
Interest	**$272,693**	$446,077
Income taxes	**$7,400**	$53,500
Non cash operating activities:		
Cancellation of 282,018 shares of stock held in treasury	**$0**	$2,085,407
Reclassification of assets from land and land development costs to land improvements, buildings and equipment, net	**$0**	$73,769

14. Business Segment Information

The following information is presented in accordance with the accounting pronouncement regarding disclosures about segments of an enterprise and related information. The Company's business segments were determined from the Company's internal organization and management reporting, which are based primarily on differences in services.

Real Estate Management/Rental Operations

Real Estate Management/Rental Operations consists of: investment properties leased to others located in Eastern Pennsylvania, New Jersey, Minnesota and Louisiana; recreational club activities; services to the trusts that operate resort residential communities; sales of investment properties; and rental of land and land improvements.

Land Resource Management

Land Resource Management consists of: land sales; land purchases; timbering operations; the Jack Frost National Golf Course; and a real estate development division. Timbering operations consist of selective timbering on our land holdings. The Jack Frost National Golf Course is managed by Billy Casper Golf, LLC, an unaffiliated third party. The real estate development division is responsible for the residential land development activities which include overseeing the construction of single and multi-family homes and development of infrastructure.

Funds expended to date for real estate development have been primarily for infrastructure improvements and home construction in the Laurelwoods II and Boulder Lake Village communities. The construction of 22 single family homes and four duplex homes in Laurelwoods II and the construction of 18 condominium units within Building J at Boulder Lake Village on Big Boulder Lake were completed. Other expenditures for our development projects in the planning phases include fees for architects, engineers, consultants, studies and permits. All the homes and condominiums have been sold.

Information by business segment is as follows:

	Three months ended		Six months ended	
	04/30/15	04/30/14	04/30/15	04/30/14
Revenues from continuing operations:				
Real estate management/rental operations	$440,631	$453,981	$867,162	$871,676
Land resource management	101,301	51,599	135,440	5,122,589
Total revenues from continuing operations	$541,932	$505,580	$1,002,602	$5,994,265
Operating profit (loss) from continuing operations, excluding general and administrative expenses:				
Real estate management/rental operations	$132,518	$85,178	$181,207	$157,709
Land resource management	(336,548)	(587,844)	(622,557)	3,838,292
Total operating profit (loss), excluding general and administrative expenses	($204,030)	($502,666)	$(441,350)	$3,996,001
General and administrative expenses:				
Real estate management/rental operations	$359,540	$397,814	$745,427	$159,436
Land resource management	82,658	45,215	116,426	936,958
Total general and administrative expenses	$442,198	$443,029	$861,853	$1,096,394
Interest and other income, net:				
Real estate management/rental operations	($108)	($82)	$1,095	$249
Land resource management	85	549	259	1,520
Total interest and other income, net	($23)	$467	$1,354	$1,769
Interest expense:				
Real estate management/rental operations	$125,588	$129,559	$252,195	$260,067
Land resource management	827	2,417	1,641	3,080
Total Interest expense	$126,415	$131,976	$253,836	$263,147
Income (loss) from continuing operations before income taxes	($764,394)	($1,072,335)	($1,544,919)	$2,644,032

Identifiable assets, net of accumulated depreciation at April 30, 2015 and October 31, 2014 and depreciation expense and capital expenditures for six months ended April 30, 2015 and the fiscal year ended October 31, 2014 by business segment are as follows:

April 30, 2015	Identifiable Assets	Depreciation and Amortization Expense	Capital Expenditures
Real estate management/rental operations	$18,987,329	$272,731	$137,818
Land resource management	21,040,475	95,542	40,472
Other corporate	110,404	17,830	238,378
Discontinued operations	166,682	0	0
Total Assets	**$40,304,890**	**$386,103**	**$416,668**

October 31, 2014	Identifiable Assets	Depreciation and Amortization Expense	Capital Expenditures
Real estate management/rental operations	$15,936,695	$529,530	$192,329
Land resource management	17,890,525	265,813	142,100
Other corporate	75,387	50,277	38,253
Discontinued operations	8,943,983	215,543	0
Total Assets	$42,846,590	$1,061,163	$372,682

During the six months ended April 30, 2015, we sold the Coursey Commons Shopping Center for $10,900,000. During the six months ended April 30, 2014, we had a land sale to Wildlands Conservancy for $5,050,000.

15. Subsequent Events

The Company has evaluated and disclosed subsequent events from April 30, 2015 through the issuance date of the financial statements.

On May 14, 2015, Lake Mountain, LLC entered into an Interim Management Agreement with Boulder View Tavern, Inc. appointing Lake Mountain LLC as agent for Boulder View Tavern, Inc. to manage and operate the Boulder View Tavern restaurant. This is an interim agreement which remains in force only until the transfer of the restaurant's liquor license to Lake Mountain, LLC is finalized.

On June 4, 2015, the Company entered into an Option to Purchase Real Property Agreement (the "Agreement") with PennEast Pipeline Company, LLC (PennEast) for approximately 65 acres of land located in Kidder Township (the "Property"). PennEast paid an Option Fee in the amount of $50,000 (the "Option Fee") which was due and payable on the effective date. The Agreement became effective on June 4, 2015 and expires on March 1, 2017 (the "Option Period"). The Agreement provides for the option to purchase the Property, an Access Road Easement and a Lateral Compressor Pipeline Easement (the "Option") for the purchase price of $13,500 per acre of the aggregate area of the Property and area encumbered by the Access Road Easement and Lateral Compressor Pipeline Easement (the "Purchase Price"). At settlement, the Company will credit 50% of the Option Fee towards the purchase price. If PennEast does not exercise the Option by the end of the Option Period, the Option automatically terminates. The Option Fee is non-refundable, except upon the knowledge of current or pending condemnation or eminent domain proceedings which would affect the Property.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion should be read in conjunction with the Financial Statements of Blue Ridge (the "Company") and related notes thereto.

Overview

Over the past 30 years, we have developed resort residential communities adjacent to the Jack Frost Mountain and Big Boulder Ski Areas located in Lake Harmony, Kidder Township, Pennsylvania. These communities are located in the Pocono Mountains of Pennsylvania, a popular recreation destination for local and regional visitors, especially from the New York City and Philadelphia metropolitan areas. The scenic hills and valleys of the Pocono Mountains offer many opportunities to enjoy outdoor activities such as golfing, fishing, hunting, skiing, snowboarding and other sports.

At April 30, 2015, we owned 9,921 acres of land in Northeastern Pennsylvania along with 3 acres of land in various other states for a total acres figure of 9,924 acres. Of these land holdings, we designated 8,490 acres as held for investment, 1,433 acres as held for development and 1 acre for discontinued operations. It is expected that all of our planned developments will either be subdivided and sold as parcels of land, or be developed into single and multi-family housing.

The real estate industry is cyclical and is subject to numerous economic factors including general business conditions, changes in interest rates, inflation and oversupply of properties. Any sustained period of weakening business or economic conditions will impact the demand for the type of properties we intend to develop. Management continues to monitor the progress of residential home sales within the Northeast.

The Company is moving forward with plans for the residential development of 55 lots on the south shore of Big Boulder Lake. The management team is in the early stage of planning new amenities in and around the Lake. Preliminary plans include a clubhouse with a fitness center, bike paths, additional tennis courts and swimming pools. Future development plans and the construction of new recreational facilities hinge on successful permitting, favorable construction costs and financial viability.

With recent changes in management and in light of the economic environment, we will continue to evaluate our strategic plan and our master development plan. We have reviewed the Company's land inventory, oil, gas and mineral rights and development portfolio with a view to maximize shareholder value. As in the past, we will continue to consider opportunistic asset sales of non-core investment properties as a means of funding future operations.

For Fiscal 2015, we intend to continue selective sales of land, some of which may be treated as Section 1031 tax deferred exchanges under the Internal Revenue Code.

We also have generated revenue through the selective timbering of our land. We rely on the advice of our forester, who is engaged on a consulting basis and who receives a commission on each stumpage contract, for the timing and selection of certain parcels for timbering. Our forester gives significant attention to protecting the environment and maximizing the value of these parcels for future timber harvests. We have not entered into any new timber harvest contracts for the timbering of our lands since March 2012 in order to provide ample time for the regeneration of trees. Our forester will monitor the growth and timbering will resume when we, in consultation with our forester, deem prudent.

The Jack Frost National Golf Course is managed by Billy Casper Golf, LLC, a nationally-recognized golf course management company. With a continued emphasis on course maintenance, along with the natural maturation of the fairways, Jack Frost National has become one of the premier golf facilities in Northeastern Pennsylvania. Year to year financial performance continues to improve.

As a result of the Company's focus on real estate activities, we present our balance sheet in an unclassified presentation using the alternate format in order to reflect our assets and liabilities in order of their importance.

Recent Developments

On February 13, 2015, the Company filed a Certificate of Organization for Lake Mountain, LLC, with the Pennsylvania Department of State, Bureau of Corporations.

On March 2, 2015, the Company entered into a Lease Termination Agreement with Boulder View Tavern, Inc. Under the terms of the agreement, the Company agreed to pay Boulder View Tavern, Inc. the sum of $145,000 for its obligations under the Restaurant Lease Agreement dated December 1, 2008 and the Lake Club Lease Agreement dated August 23, 2013. In return, Boulder View Tavern, Inc. agreed to transfer all rights, title and interest to the name Boulder View Tavern, Lake Mountain Club and Boulder Lake Club together with logos, websites, social media sites, the transfer of the PLCB liquor license, certain assets of restaurant and lake club and other miscellaneous items.

The Boulder View Tavern closed for renovations from March 2, 2015 through April 23, 2015. It reopened for business on April 24, 2015.

On March 2, 2015, the Company entered into a five year lease agreement with Lake Mountain, LLC for the operation and management of Boulder View Tavern.

On March 2, 2015, the Company entered into a five year lease agreement with Lake Mountain, LLC for the operation and management of Boulder Lake Club.

On March 4, 2015, the Company repurchased 56 shares of Blue Ridge Real Estate Company common stock. Upon repurchase, the shares of stock were cancelled and returned to the status of authorized but unissued.

On April 13, 2015, the Lake Mountain, LLC entered into a line of credit agreement in the amount of $250,000 with Mauch Chunk Trust Bank. The line of credit will be utilized to fund the day to day operations of Boulder View Tavern and Boulder Lake Club.

On April 30, 2015, the Company entered into a contract with Golf Property Analysts for appraisal services on the Jack Frost National Golf Club.

Results of Operations for the Three and Six Months Ended April 30, 2015 and 2014

Operations for the three and six months ended April 30, 2015 resulted in a net loss of $511,909 and $611 or ($0.21) and $0.00 per share for the three and six months ended April 30, 2015, respectively, compared to a net loss of $660,083, or ($.27) per share for the three months ended April 30, 2014 and a net profit of $1,569,500, or $0.64 per share for the six months ended April 30, 2014.

Revenues

Revenue of $541,932 and $1,002,602 for the three and six months ended April 30, 2015 represents an increase of $36,352 and a decrease of $4,991,663 compared to the three and six months ended April 30, 2014. Real Estate Management Operations / Rental Operations revenue decreased $13,350 and $4,514, or 3% and 1%, respectively, for the three and six months ended April 30, 2015, compared to the three and six months ended April 30, 2014. Land Resource Management revenue increased $49,702 and decreased $4,987,149, or 96% and (97%), respectively, for the three and six months ended April 30, 2015 compared to the three and six months ended April 30, 2014.

Real Estate Management/Rental Operations

Real Estate Management Operations / Rental Operations revenue was $867,162 for the six months ended April 30, 2015, compared to $871,676 for the six months ended April 30, 2014, which resulted in a decrease of $4,514, or 1%. Real Estate Management revenue for the six months ended April 30, 2015 increased to $460,566 as compared to $449,990 for the six months ended April 30, 2014, an increase of $10,576, or 2%. This was primarily due to increased trust service fees related to the operation of our resort communities. Rental revenue decreased $15,090, or 4%, which is primarily related to the termination of the Boulder View Tavern lease.

Land Resource Management

For the six months ended April 30, 2015, Land Resource Management revenues decreased to $135,440 compared to $5,122,589 for the six months ended April 30, 2014, a decrease of $4,987,149, or (97%). This was due to the sale of 2,115 acres to the Wildlands Conservancy in November 2013 for $5,050,000. For the six months ended April 30, 2015 and 2014, there was no timbering revenue. The Jack Frost National Golf Course's revenue for the six months ended April 30, 2015 decreased to $69,502 as compared to $72,589 for the six months ended April 30, 2014, a decrease of $3,087, or 4%, which was related to the cold and damp weather in April 2015.

Operating Costs

Real Estate Management/Rental Operations

Operating costs associated with Real Estate Management Operations / Rental Operations for the six months ended April 30, 2015 decreased to $685,955 compared to $713,967 for the six months ended April 30, 2014, a decrease of $28,012, or 4%. This decrease was primarily due to the termination of the Boulder View Tavern lease.

Land Resource Management

Operating costs associated with Land Resource Management for the six months ended April 30, 2015 decreased to $760,436 compared to $1,285,313 for the six months ended April 30, 2014, a decrease of $524,877, or (41%). This decrease was primarily the result of the sale of 2,115 acres to the Wildlands Conservancy in November 2013 and the abandonment of sewer and water facility expansion costs in April 2014. The Jack Frost National Golf Course expenses decreased by $42,859 or (9%) for the six months ended April 30, 2015 as compared to the six months ended April 30, 2014. This was primarily related to reduced depreciation expense at the golf course on equipment that is fully decpreciated.

General and Administration

General and Administration costs for the six months ended April 30, 2015 decreased to $861,853 as compared to $1,096,394 for the six months ended April 30, 2014, a decrease of $234,541, or (21%). This decrease is primarily related to a reduction in salaries and wages and related benefits in the six months ended April 30, 2015.

Other Income and Expense

Interest and other income decreased to $1,354 for the six months ended April 30, 2015 compared to $1,769 for the six months ended April 30, 2014, a decrease of $415, or (23%).

Interest expense for the six months ended April 30, 2015 decreased to $253,836 compared to $263,147 for the six months ended April 30, 2014, a decrease of $9,311, or (4%).

Interest and dividends on marketable securities, net was $10,792 for the six months ended April 30, 2015 compared to $5,829 for the six months ended April 30, 2014, an increase of $4,963, or (85%). In the six months ended April 30, 2015, this amount included $56,693 of interest income which was reduced by $45,901 of amortized bond premium compared to $47,348 of interest income reduced by $41,519 of amortized bond premium in the six months ended April 30, 2014.

Discontinued Operations

An investment property located in Saylorsburg, Pennsylvania is currently leased and under agreement of sale. The Coursey Commons Shopping Center in Baton Rouge, Louisiana was sold on December 15, 2014. The assets of the Saylorsburg property at April 30, 2015 and October 31, 2014 and the Baton Rouge property at October 31, 2014 are being reported as assets of discontinued operations and the results of operations for the three and six months ended April 30, 2015 and 2014 are being reported as discontinued operations. Future cash

flows and operating results for the investment properties are no longer being reported in the Real Estate Management / Rental segment.

The net income after taxes from discontinued operations for the Baton Rouge Louisiana investment property for the three and six months ended April 30, 2015 was $1,016,960 (which includes the gain on disposition) as compared to $39,825 for the three and six months ended April 30, 2014, an increase of $977,135 or greater than 100%. The net income after taxes from discontinued operation for the Saylorsburg, Pennsylvania investment property for the six months ended April 30, 2015 was $2,348 as compared to $2,643 in for the six months ended April 30, 2014.

Tax Rate

The effective tax rate specific to federal taxes for the three and six months ended April 30, 2015 and 2014 was 34%. The provision for income taxes for the six months ended April 30, 2015 includes an additional $260,000 to account for the utilization of the deferred state tax asset created in Fiscal 2014, primarily related to the sale of Coursey Commons which occurred on December 15, 2014.

Liquidity and Capital Resources

As reflected in the Statements of Cash Flows, net cash used in operating activities was $737,155 for the six months ended April 30, 2015 versus net cash provided by operating activities of $4,015,308 for the six months ended April 30, 2014. The decrease in net cash provided by operating activities is primarily attributable to reduced net income due to a higher cost basis in the sale of the Coursey Commons Shopping Center versus the sale of 2,115 acres of land in the six months ended April 30, 2014.

The $10,900,000 sale of Coursey Commons Shopping Center is the material non-recurring cash item for the six months ended April 30, 2015. The $5,050,000 land sale of approximately 2,115 acres is the material non-recurring cash item for the six months ended April 30, 2014.

In December 2014, the Company invested the proceeds of $7,489,408 from the sale of Coursey Commons Shopping Center in marketable securities. The investment portfolio contains government, agency and corporate obligations with a minimum single A rating and no maturity greater than 2 years and a money market fund. At April 30, 2015, the Company's cash and marketable securities totaled $8,789,450 compared to cash of $2,451,522 at October 31, 2014.

On October 1, 2014, the Company entered into a $3,000,000 short term promissory note with Kimco Capital Corporation. The "interest only" note was secured with a mortgage on Coursey Commons Shopping Center. The note had an interest rate of 5.59% per annum payable monthly and a maturity date of December 31, 2014. On December 15, 2014 the Coursey Commons Shopping Center was sold and the loan with Kimco Capital Corporation was paid in full.

The mortgage on the Coursey Commons Shopping Center in the amount of $6,489,224 matured on October 1, 2014. The Company satisfied the debt with $3,500,000 of funds from liquidated short term investments and $3,000,000 of funds borrowed from Kimco Capital Corporation.

In March 2015 Blue Ridge Real Estate opened a brokerage account with Cetera Advisor Networks, LLC thru Mauch Chunk Trust Company. We purchased two brokered certificates of deposit totaling $250,000 which is included in Cash and Cash Equivalents. The certificates have maturities no greater than 2 years.

On April 13, 2015, Lake Mountain, LLC entered into a commercial line of credit with Mauch Chunk Trust Company in the amount of $250,000. Interest is to be paid monthly on the unpaid principal balance and the line has a maturity of April 14, 2017. Interest is at a rate of Prime plus 1.00% (4.25% at April 30, 2015). The line is collateralized with a recorded lien on the brokerage account with Mauch Chunk Trust Company. Funds drawn on the line of credit will be used for working capital needs. As of April 30, 2015 there is no balance outstanding on the line.

As of April 30, 2015, we have no existing loan agreements with M & T Bank. The Company is no longer required to comply annually with these M & T Bank covenants: consolidated debt to worth, debt service coverage and tangible net worth ratios.

The following table sets forth the Company's significant contractual cash obligations for the items indicated as of April 30, 2015 and their expected year of payment or expiration.

Contractual Obligations:	Total	Less than 1 year	1-3 years	4-5 years	More than 5 years
Long-Term Debt-Investment Properties	$7,250,613	$248,705	$857,536	$678,320	$5,466,052
Capital Leases	62,803	21,147	41,656	0	0
Debt Sub-total	$7,313,416	$269,852	$899,192	$678,320	$5,466,052
Fixed Rate Interest	4,861,051	495,244	1,368,339	804,141	2,193,327
Pension Contribution Obligations (1)	244,300	244,300			
Total Contractual Cash Obligations	$12,418,767	$1,009,396	$2,267,531	$1,482,461	$7,659,379

(1) Estimated funding obligations beyond the current fiscal year are not presented because the requirements fluctuate based on the performance of the plan assets, discount rate assumptions and demographics.

We currently anticipate that the funds needed for future operations and to implement our land development strategy will be satisfied through operating cash, marketable securities, borrowed funds, public offerings or private placements of debt or equity and reinvested profits from sales.

Critical Accounting Policies and Significant Judgments and Estimates

We have identified the most critical accounting policies upon which our financial reporting depends. The critical policies and estimates were determined by considering accounting policies that involve the most complex or subjective decisions or assessments. The most critical accounting policies identified relate to deferred tax liabilities, the valuation of land development costs and long-lived assets, and revenue recognition.

Revenues are derived from a wide variety of sources, including sales of real estate, management of investment properties, home construction, property management services, timbering, golf activities, and leasing activities. Revenues are recognized as services are performed, except as noted below.

We recognize income on the disposition of real estate using the full accrual method. The full accrual method is appropriate at closing when the sales contract has been signed, the buyer has arranged permanent financing and the risks and rewards associated with ownership have been transferred to the buyer. In the few instances that the Company finances the sale, a minimum 20% down payment is required from the buyers. The remaining financed purchase price is not subject to subordination. Down payments of less than 20% are accounted for as deposits.

The costs of developing land for resale as resort homes and the costs of constructing certain related amenities are allocated to the specific parcels to which the costs relate. Such costs, as well as the costs of construction of the resort homes, are charged to operations as sales occur. Land held for resale and resort homes under construction are stated at lower of cost or market.

Timbering revenues from stumpage contracts are recognized at the time a stumpage contract is signed. At the time a stumpage contract is signed, the risk of ownership is passed to the buyer at a fixed, determinable cost. There is no transfer of title in connection with these contracts. Reasonable assurance of collectability is determined by the date of signing and, at that time, the obligations of the Company is satisfied. Therefore, full accrual recognition at the time of contract execution is appropriate.

Deferred income consists of rents, dues and deposits on land or home sales. These rents, which are not yet earned, are rents from the Company's commercial properties that have been paid in advance. Dues are dues paid in advance related to memberships in the Company's hunting and fishing clubs and golf course memberships paid. Revenues related to the hunting and fishing clubs and golf course memberships are recognized over the

seasonal period that the dues cover. We recognize revenue related to the fishing club over a five month period from May through September, and the golf course over a seven month period, from April through October. Deposits are required on land and home sales.

Management's estimate of deferred tax assets and liabilities is primarily based on the difference between the tax basis and financial reporting basis of depreciable assets, like-kind exchanges of assets, net operating losses and accruals. Valuation allowances are established when necessary to reduce tax assets to the amount expected to be realized.

Real estate development projects are stated at cost unless an impairment exists, in which case the project is written down to fair value in accordance with GAAP. We capitalize as land and land development costs, the original acquisition cost, direct construction and development costs, property taxes, interest incurred on costs related to land under development and other related costs (engineering, surveying, landscaping, etc.) until the property reaches its intended use. Because the development projects are considered as long-lived assets under GAAP, we are required to regularly review the carrying value of each of the projects and write down the value of those projects when we believe the values are not recoverable. The cost of sales for individual parcels of real estate or condominium units within a project is determined using the relative sales value method. Revenue is recognized upon signing of the applicable closing documents, at which time a binding contract is in effect, the buyer has arranged for permanent financing and the Company is assured of payment in full. In addition, at the time of closing, the risks and rewards associated with ownership have been transferred to the buyer. Selling expenses are recorded when incurred.

Long-lived assets, namely properties, are recorded at cost. Depreciation and amortization is provided principally using the straight-line method over the estimated useful life of the asset. Upon sale or retirement of the asset, the cost and related accumulated depreciation are removed from the related accounts, and resulting gains or losses are reflected in income. We test for recoverability our long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In that event, we utilize either or both a discounted cash flow method or comparable sale pricing method to determine a fair market value. If our use of one or both of these methods indicates that the carrying value of the asset is not recoverable, an impairment loss is recognized in operating income. An impairment loss is the difference between the carrying value and the fair value of the asset less cost to sell. An impairment loss is recognized during the period in which the impairment is determined to be probable and reasonably estimable.

In Fiscal 2014, management reassessed the carrying value of the remaining 58 units in the Laurelwoods II development project based on management's recognition of an adverse change in the manner in which the project initially was intended to be developed. In determining the impairment, management performed a discounted cash flow analysis on wholesale of the parcel in bulk.

Assets are classified as long lived assets held for sale when they are expected to be sold within the next year. There are no long lived assets classified as held for sale at April 30, 2015. The amount in long lived assets held for sale at October 31, 2014 included 1 acre of land under agreement of sale to Mountain Rentals PA, LLC, which closed on November 21, 2014 for $22,000.

Significant judgment is applied in assessing the realizability of deferred tax assets. In accordance with GAAP, a valuation allowance is established against a deferred tax asset if, based on the available evidence, it is more-likely-than-not that such asset will not be realized. The realization of a deferred tax asset ultimately depends on the existence of sufficient taxable income in either the carryback or carryforward periods under tax law. We assess the need for valuation allowances for deferred tax assets based on GAAP's "more-likely-than-not" realization threshold criteria. In our assessment, appropriate consideration is given to all positive and negative evidence related to the realization of the deferred tax assets. Forming a conclusion that a valuation allowance is not needed is difficult when there is significant negative evidence such as cumulative losses in recent years. This assessment considers, among other matters, the nature, consistency and magnitude of current and cumulative income and losses, forecasts of future profitability, the duration of statutory carryback or carryforward

periods, our experience with operating loss and tax credit carryforwards being used before expiration, and tax planning alternatives.

Our assessment of the need for a valuation allowance on our deferred tax assets includes assessing the likely future tax consequences of events that have been recognized in our consolidated financial statements or tax returns. Changes in existing tax laws or rates could affect our actual tax results and our future business results may affect the amount of our deferred tax liabilities or the valuation of our deferred tax assets over time. Our accounting for deferred tax assets represents our best estimate of future events.

Due to uncertainties in the estimation process, particularly with respect to changes in facts and circumstances in future reporting periods (carryforward period assumptions), actual results could differ from the estimates used in our analysis. Our assumptions require significant judgment because the residential home building industry and land sales are cyclical and highly sensitive to changes in economic conditions. If our results of operations are less than projected and there is insufficient objectively verifiable positive evidence to support the "more-likely-than-not" realization of our deferred tax assets, a valuation allowance would be required to reduce or eliminate our deferred tax assets.

Our deferred tax assets consist principally of the recognition of losses primarily driven by recognition of net operating losses and inventory impairments. In accordance with GAAP, we assessed whether a valuation allowance should be established based on our determination of whether it was "more-likely-than-not" that some portion of all of the deferred tax assets would not be realized, we recorded valuation allowances against our state net operating loss carryforwards for the amount not expected to be used.

At April 30, 2015, we expect to utilize a portion of prior year federal tax loss carryforwards on our Fiscal 2015 federal income tax return. The loss carryforwards result from prior year losses incurred for federal income tax purposes. We will offset our approximately $1,880,000 gain on the sale of Coursey Commons Shopping Center which occurred on December 15, 2014 with operating losses from year ending October 31, 2015 and a portion of the prior year federal tax loss carryforwards.

We file tax returns in the various states in which we do business. Each state has its own statutes regarding the use of tax loss carryforwards. Some of the states in which we do business do not allow for the carry forward of losses while others allow for carry forwards for 5 years to 20 years.

Interest, real estate taxes, and insurance costs, including those costs associated with holding unimproved land, are normally charged to expense as incurred. Interest cost incurred during construction of facilities is capitalized as part of the cost of such facilities. Maintenance and repairs are charged to expense, and major renewals and betterments are added to property accounts.

We sponsor a defined benefit pension plan as detailed in footnote 9 to the accompanying unaudited financial statements. The accounting for pension costs is determined by specialized accounting and actuarial methods using numerous estimates, including discount rates, expected long-term investment returns on plan assets, employee turnover, mortality and retirement ages, and future salary increases. Changes in these key assumptions can have a significant effect on the pension plan's impact on the Company's financial statements. We engage the services of an independent actuary and investment consultant to assist us in determining these assumptions and in calculating pension income. The pension plan is currently underfunded and, accordingly, the Company has made contributions to the fund of $424,822 in Fiscal 2014. The Company contributed $178,717 and expects to contribute another $244,300 to the pension plan in Fiscal 2015. Future benefit accruals under the pension plan ceased as of August 31, 2010. The Company also has a 401(k) pension plan that is available to all full time employees. Effective August 1, 2010, the Company matches 50% of employee salary deferral contributions up to 3% of their pay for each payroll period.

The Company recognizes as compensation expense an amount equal to the grant date fair value of the stock options issued over the required service period, if any. Compensation cost was measured using the modified prospective approach.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Legal Proceedings

We are presently a party to certain lawsuits arising in the ordinary course of our business. We believe that none of our current legal proceedings will be material to our business, financial condition or results of operations.