Cineplex Inc.
Interim Condensed Consolidated Balance Sheets
(Unaudited)

(expressed in thousands of Canadian dollars)

	March 31, 2017	December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	$ 41,414	$ 33,553
Trade and other receivables	78,759	115,903
Income taxes receivable	1,268	463
Inventories	23,026	21,412
Prepaid expenses and other current assets	15,017	10,856
	159,484	182,187
Non-current assets		
Property, equipment and leaseholds	572,303	564,879
Deferred income taxes	6,422	5,891
Fair value of interest rate swap agreements	507	756
Interests in joint ventures	37,180	35,487
Intangible assets	125,770	125,492
Goodwill	817,002	813,494
	$ 1,718,668	$ 1,728,186

Business acquisitions (note 2)

Subsequent events (note 10)

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

(expressed in thousands of Canadian dollars)

	March 31, 2017	December 31, 2016
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 161,857	$ 204,725
Share-based compensation (note 3)	6,482	8,958
Dividends payable	8,575	8,575
Income taxes payable	1,741	2,042
Deferred revenue	139,581	172,140
Finance lease obligations	3,256	3,180
Fair value of interest rate swap agreements	2,375	2,419
	323,867	402,039
Non-current liabilities		
Share-based compensation (note 3)	15,496	18,346
Long-term debt	372,640	297,496
Fair value of interest rate swap agreements	1,541	2,020
Finance lease obligations	8,040	8,871
Post-employment benefit obligations (note 5)	8,193	7,932
Other liabilities	122,603	125,560
Deferred income taxes	12,688	11,210
Convertible debentures	103,380	102,817
	644,581	574,252
Total liabilities	968,448	976,291
Equity		
Share capital (note 4)	859,383	859,351
Deficit	(109,784)	(108,342)
Hedging reserves and other	(3,111)	(3,170)
Contributed surplus	458	81
Cumulative translation adjustment	830	1,175
Total equity attributable to owners of Cineplex	747,776	749,095
Non-controlling interests	2,444	2,800
Total equity	750,220	751,895
	$ 1,718,668	$ 1,728,186

Approved by the Board of Directors

"Ian Greenberg"
Director

"Robert Steacy"
Director

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

Cineplex Inc.

Interim Condensed Consolidated Statements of Operations
For the three months ended March 31, 2017 and 2016
(Unaudited)

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

	2017	2016 (note 11)
Revenues		
Box office	$ 195,354	$ 198,643
Food service	113,935	112,006
Media	33,912	33,058
Amusement	41,401	26,051
Other	9,641	9,155
	394,243	378,913
Expenses		
Film cost	103,289	107,386
Cost of food service	25,654	25,314
Depreciation and amortization	28,267	25,005
Loss on disposal of assets	26	506
Other costs (note 5)	206,071	189,404
Share of income of joint ventures	(998)	(400)
Interest expense	4,862	4,607
Interest income	(52)	(67)
Foreign exchange	(17)	219
Change in fair value of financial instrument (note 10)	(987)	—
	366,115	351,974
Income before income taxes	28,128	26,939
Provision for income taxes		
Current	4,586	4,136
Deferred	577	1,348
	5,163	5,484
Net income	$ 22,965	$ 21,455
Attributable to:		
Owners of Cineplex	$ 23,332	$ 21,906
Non-controlling interests	(367)	(451)
Net income	$ 22,965	$ 21,455
Basic net income per share attributable to owners of Cineplex (note 6)	$ 0.37	$ 0.35
Diluted net income per share attributable to owners of Cineplex (note 6)	$ 0.37	$ 0.34

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

Cineplex Inc.
Interim Condensed Consolidated Statements of Comprehensive Income
(Unaudited)
For the three months ended March 31, 2017 and 2016

(expressed in thousands of Canadian dollars)

	2017	2016
Net income	$ 22,965	$ 21,455
Other comprehensive income (loss)		
Items that will be reclassified subsequently to net income:		
Income on hedging instruments	82	280
Associated deferred income taxes (expense)	(23)	(65)
Foreign currency translation adjustment	(334)	(1,490)
Items that will not be reclassified to net income:		
Actuarial gains of post-employment benefit obligations (note 5)	1,298	—
Associated deferred income taxes (expense)	(348)	—
Other comprehensive income (loss)	675	(1,275)
Comprehensive income	$ 23,640	$ 20,180
Attributable to:		
Owners of Cineplex	$ 23,996	$ 20,893
Non-controlling interests	(356)	(713)
Comprehensive income	$ 23,640	$ 20,180

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

Cineplex Inc.

Interim Condensed Consolidated Statements of Changes in Equity
(Unaudited)
For the three months ended March 31, 2017 and 2016

(expressed in thousands of Canadian dollars)

	Share capital (note 4)	Contributed surplus	Hedging reserves and other	Cumulative translation adjustment	Deficit	Non-controlling interests	Total
Balance - January 1, 2017	$859,351	$ 81	$ (3,170)	$ 1,175	$(108,342)	$ 2,800	$ 751,895
Net income	—	—	—	—	23,332	(367)	22,965
Other comprehensive income (page 4)	—	—	59	(345)	950	11	675
Total comprehensive income	**—**	**—**	**59**	**(345)**	**24,282**	**(356)**	**23,640**
Dividends declared	—	—	—	—	(25,724)	—	(25,724)
Share option expense	—	409	—	—	—	—	409
Issuance of shares on exercise of options	32	(32)	—	—	—	—	—
Balance - March 31, 2017	$859,383	$ 458	$ (3,111)	$ 830	$(109,784)	$ 2,444	$ 750,220
Balance - January 1, 2016	$858,305	$ (491)	$ (4,979)	$ 934	$ (86,296)	$ 5,024	$ 772,497
Net income	—	—	—	—	21,906	(451)	21,455
Other comprehensive loss (page 4)	—	—	215	(1,228)	—	(262)	(1,275)
Total comprehensive income	**—**	**—**	**215**	**(1,228)**	**21,906**	**(713)**	**20,180**
Dividends declared	—	—	—	—	(24,721)	—	(24,721)
Share option expense	—	419	—	—	—	—	419
Issuance of shares on exercise of options	326	(326)	—	—	—	—	—
CSI non-controlling interests acquired	—	—	—	—	—	(336)	(336)
Balance - March 31, 2016	$858,631	$ (398)	$ (4,764)	$ (294)	$ (89,111)	$ 3,975	$ 768,039

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

Cineplex Inc.

Interim Condensed Consolidated Statements of Cash Flows
(Unaudited)
For the three months ended March 31, 2017 and 2016

(expressed in thousands of Canadian dollars)

	2017	2016
Cash (used in) provided by		
Operating activities		
Net income	$ 22,965	$ 21,455
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization of property, equipment and leaseholds, and intangible assets	28,267	25,005
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	(2,653)	(1,978)
Accretion of debt issuance costs and other non-cash interest, net	121	83
Loss on disposal of assets	26	506
Deferred income taxes	577	1,348
Interest rate swap agreements - non-cash interest	(175)	262
Non-cash share-based compensation	409	419
Change in fair value of financial instrument (note 10)	(987)	—
Accretion of convertible debentures	563	526
Net change in interests in joint ventures	(2,377)	(1,526)
Tenant inducements	309	231
Changes in operating assets and liabilities (note 7)	(61,720)	(69,632)
Net cash used in operating activities	(14,675)	(23,301)
Investing activities		
Proceeds from sale of assets	232	108
Purchases of property, equipment and leaseholds	(25,453)	(28,957)
Acquisition of businesses, net of cash acquired (note 2)	(106)	(407)
Intangible assets additions	(1,322)	—
Net cash received from CDCP	684	682
Net cash used in investing activities	(25,965)	(28,574)
Financing activities		
Dividends paid	(25,724)	(24,715)
Borrowings under credit facilities, net	75,000	81,210
Payments under finance leases	(773)	(719)
Net cash provided by financing activities	48,503	55,776
Effect of exchange rate differences on cash	(2)	(509)
Increase in cash and cash equivalents	7,861	3,392
Cash and cash equivalents - Beginning of period	33,553	35,713
Cash and cash equivalents - End of period	$ 41,414	$ 39,105
Supplemental information		
Cash paid for interest	$ 5,743	$ 2,568
Cash paid for income taxes, net	$ 6,338	$ 35,748

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

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

1. General information

Cineplex Inc. ("Cineplex") an Ontario, Canada corporation, is Canada's largest film exhibition organization, with theatres in ten provinces. Cineplex operates primarily through its wholly owned subsidiaries, Cineplex Entertainment Limited Partnership (the "Partnership"), Famous Players Limited Partnership ("Famous Players"), Galaxy Entertainment Inc. ("GEI"), Cineplex Digital Media Inc. ("CDM"), Player One Amusement Group Inc. ("P1AG"), and its majority-owned subsidiary, WorldGaming Network LP ("WGN"). Cineplex is headquartered at 1303 Yonge Street, Toronto, Ontario, M4T 2Y9.

The Board of Directors approved these consolidated financial statements on May 1, 2017.

2. Business acquisitions and formations

a) SAW, LLC

On December 1, 2016, Cineplex acquired the operating assets of SAW, LLC ("SAW"), for $8,281 cash. SAW is a distributor and operator of amusement and gaming equipment operating principally in the southeastern United States. Immaterial transaction costs were expensed as incurred.

Recognized amounts of identifiable assets acquired are as follows:

Assets acquired		
Net working capital, including cash of $356	$	1,500
Customer relationships		3,156
Equipment		3,625
Net assets		8,281
Less: Cash from acquisition		(356)
	$	7,925
Consideration given - cash paid	$	8,291
Less: Receivable from vendor		(10)
Less: Cash from acquisition		(356)
	$	7,925

During the first quarter of 2017, the fair values were revised based on the post-acquisition review of the fair value of the customer relationships and equipment acquired, and liabilities assumed, resulting in the recognition of $3,156 in customer relationships, and a $3,156 reduction in the value of equipment, and a $10 decrease in working capital.

SAW has arrangements with customers to operate SAW's gaming equipment on a revenue share basis. The fair value of customer relationships recognized reflect annual renewal rates of approximately 88% for existing customers. They will be amortized on a straight-line basis over eight years.

The equipment will be amortized on a straight-line basis over six years.

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

b) Tricorp Amusements Inc.

On October 1, 2016, Cineplex acquired 100% of the issued and outstanding equity of Tricorp Amusements Inc. ("Tricorp") for approximately $28,271 cash, including $25,695 paid in the fourth quarter of 2016, and $2,576 to be paid in 2017. Tricorp is a distributor and operator of amusement and gaming equipment operating principally in the eastern United States. Immaterial transaction costs were expensed as incurred.

Cineplex recognized $8,905 of tax-deductible goodwill relating primarily to anticipated operational efficiencies.

Recognized amounts of identifiable assets acquired and liabilities assumed are as follows:

Assets acquired and liabilities assumed		
Net working capital, including cash of $1,849	$	(1,019)
Equipment		16,066
Intangible assets - customer relationships		4,319
Goodwill		8,905
Net assets		28,271
Less: Cash from acquisition		(1,849)
	$	26,422

Consideration given - cash paid	$	25,695
Plus: Payable to vendor		2,576
Less: Cash from acquisition		(1,849)
	$	26,422

Tricorp has arrangements with customers to operate Tricorp's gaming equipment on a revenue share basis. The fair value of customer relationships recognized reflect annual renewal rates of approximately 90% for existing customers. They will be amortized on a straight-line basis over ten years.

The equipment will be amortized on a straight-line basis over six years.

During the first quarter of 2017, the fair values were revised based on the post-acquisition review of the fair value of the assets acquired and liabilities assumed, and goodwill relating to tax elections, resulting in a decrease of $928 working capital, and additional consideration to be paid in 2017.

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

3. Share-based compensation

Option plan

Cineplex recorded $409 in employee benefits expense with respect to share options during the three months ended March 31, 2017 (2016 - $419).

Cineplex granted options in 2017 and 2016 as follows:

	2017	2016
Number of options granted	544,992	501,270
Share price	$ 51.25	$ 47.86
Exercise price	$ 51.25	$ 47.86
Expected option life (years)	4.0	4.0
Volatility	16%	15%
Dividend yield	3.15%	3.26%
Annual risk-free rate	98%	0.82%
Fair value of options granted	$ 4.07	$ 3.36

Upon cashless exercises, the options exercised in excess of shares issued are cancelled and returned to the pool available for future grants. At March 31, 2017, 1,972,741 options are available for grant.

A summary of option activities in 2017 and 2016 is as follows:

		2017		2016	
	Weighted average remaining contractual life (years)	Number of underlying shares	Weighted average exercise price	Number of underlying shares	Weighted average exercise price
Options outstanding, January 1	7.72	1,705,338	$ 43.21	1,550,521	$ 38.60
Granted		544,992	51.25	501,270	47.86
Cancelled		—	—	(3,944)	46.74
Exercised		(9,009)	41.34	(96,245)	28.90
Options outstanding, March 31	8.06	2,241,321	$ 45.17	1,951,602	$ 41.44

Long-term incentive plan (“LTIP”)

For the three-year service period beginning on January 1, 2017, the LTIP award consists of a “phantom” stock plan, awarding 129,136 share equivalents (2016 - 112,804), which, subject to certain performance and market conditions, may decrease approximately 61% or increase by 83%. The base share equivalents attract compounding notional dividends at the same rate as outstanding common shares, which are notionally reinvested as additional base share equivalents. The awards will be settled in cash at the end of service periods, within 30 days of the approval of the annual consolidated financial statements by the Board of Directors.

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

LTIP costs are estimated at the grant date based on expected performance results then accrued and recognized on a graded basis over the vesting period. The effects of changes in estimates of performance results are recognized in the year of change. Forfeitures are estimated at $nil. Cineplex recognized compensation costs of $3,449 under the LTIP for the three months ended March 31, 2017 (2016 - $2,840). At March 31, 2017, $9,128 (2016 - $10,697) was included in share-based compensation liability.

Deferred equity units

Members of the Board of Directors and certain officers of Cineplex may elect to defer a portion of their compensation in the form of deferred equity units. For the three months ended March 31, 2017, Cineplex recognized $88 of compensation recovery associated with the deferred equity units (2016 - $813 expense). At March 31, 2017, $12,851 (2016 - $12,495) was included in share-based compensation liability.

4. Share capital

Cineplex is authorized to issue an unlimited number of common shares, and 10,000,000 preferred shares of which none are outstanding. Share capital at March 31, 2017 and 2016 and transactions during the periods are as follows:

2017				Amount
	Number of common shares issued and outstanding	Common shares	Equity component of convertible debentures	Total
Balance - December 31, 2016	63,515,875	$ 854,880	$ 4,471	$ 859,351
Issuance of shares on exercise of options	1,728	32	—	32
Balance - March 31, 2017	63,517,603	$ 854,912	$ 4,471	$ 859,383

2016				Amount
	Number of common shares issued and outstanding	Common shares	Equity component of convertible debentures	Total
Balance - December 31, 2015	63,370,059	$ 853,834	$ 4,471	$ 858,305
Issuance of shares on exercise of options	40,631	326	—	326
Balance - March 31, 2016	63,410,690	$ 854,160	$ 4,471	$ 858,631

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

5. Other costs

	2017	2016
Employee salaries and benefits	$ 73,209	$ 67,563
Rent	37,345	35,733
Realty and occupancy taxes and maintenance fees	17,793	18,047
Utilities	8,463	7,962
Purchased services	15,491	14,272
Other inventories consumed, including amusement and digital place-based media	15,606	13,721
Venue revenue share	8,750	3,785
Repairs and maintenance	6,766	6,377
Office and operating supplies	3,658	3,703
Licences and franchise fees	3,813	2,997
Insurance	853	933
Advertising and promotion	6,191	6,981
Professional and consulting fees	2,047	1,981
Telecommunications and data	1,475	1,343
Bad debts	172	217
Equipment rental	766	761
Other costs	3,673	3,028
	$ 206,071	$ 189,404

During the first quarter of 2017, Cineplex revised the terms of its supplemental executive retirement plan, resulting in the recognition of $1,615 pension expense included in employee salaries and benefits, and other comprehensive income of $1,298. The pension benefit obligation included in post-employment benefit obligations increased $317.

6. Net income per share

Basic

Basic earnings per share ("EPS") is calculated by dividing the net income by the weighted average number of shares outstanding during the period.

	2017	2016
Net income attributable to owners of Cineplex	$ 23,332	$ 21,906
Weighted average number of shares outstanding	63,516,499	63,220,133
Basic EPS	$ 0.37	$ 0.35

Diluted

Diluted EPS is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. Cineplex has several categories of dilutive potential shares. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the outstanding shares for the period), based on the monetary value of the rights attached to the potentially dilutive shares. The number of shares calculated above is compared with the number of shares that would have been issued assuming exercise of conversions, exchanges or options.

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

	2017	2016
Net income attributable to shareholders of Cineplex	$ 23,332	$ 21,906
Weighted average number of shares outstanding	63,516,499	63,220,133
Adjustments for stock options	272,040	292,810
Weighted average number of shares for diluted EPS	63,788,539	63,512,943
Diluted EPS	$ 0.37	$ 0.34

7. Changes in operating assets and liabilities

The following summarizes the changes in operating assets and liabilities:

	2017	2016
Trade and other receivables	$ 37,146	$ 53,699
Inventories	(1,415)	(825)
Prepaid expenses and other current assets	(4,269)	(4,009)
Accounts payable and accrued liabilities	(54,556)	(49,028)
Income taxes payable	(1,106)	(31,613)
Deferred revenue	(32,559)	(31,128)
Post-employment benefit obligations	261	(71)
Share-based compensation	(4,595)	(6,111)
Other liabilities	(627)	(546)
	$ (61,720)	$ (69,632)
Non-cash investing activities:		
Property, equipment and leasehold purchases financed through accounts payable and accrued liabilities	$ 28,017	$ 10,727

8. Operating segments

As at January 1, 2017, Cineplex has three reportable segments, Film Entertainment and Content, Media, and Amusement and Leisure. Prior to this date, the Amusement and Leisure segment was grouped with the Film Entertainment and Content segment. The reportable segments are business units offering differing products and services, and managed separately due to their distinct natures. These three reportable segments have been determined by Cineplex's chief operating decision makers. The Film Entertainment and Content reporting segment does not charge an access fee to the Media reporting segment. All other inter-segment transactions are eliminated in the Corporate and other category, which includes all corporate general and administrative costs not directly associated with a segment.

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

Film Entertainment and Content

The Film Entertainment and Content reporting segment includes all direct and ancillary revenues from theatre attendance, including box office and food service revenues, and the associated costs to provide those products and services. Also included in the Film Entertainment and Content segment are in-theatre amusement, theatre rentals and digital commerce rental and sales, and associated costs.

Media

The Media reporting segment is comprised of the aggregation of two operating segments, cinema media and digital place-based media. Cinema media consists of all in-theatre advertising revenues and costs, including pre-show, showtime, magazine and lobby advertising. Digital place-based media is comprised of revenues and costs associated with the design, installation and operations of digital signage networks, along with advertising on certain networks. Aggregation of these operating segments is based on the segments having similar economic characteristics.

Amusement and Leisure

The Amusement and Leisure reporting segment is comprised of the aggregation of three operating segments, amusement solutions, location-based entertainment and eSports. Amusement solutions is comprised of revenues and costs associated with operating and distributing amusement, gaming and vending equipment. Location-based entertainment is comprised of the social entertainment destinations featuring gaming, entertainment and dining. eSports is comprised of the revenues and costs related to facilitating tournaments, leagues and gaming ladders for the competitive gaming community.

In accordance with IFRS 8, Operating Segments, Cineplex discloses information about its reportable segments based upon the measures used by management in assessing the performance of those reportable segments. Cineplex uses EBITDA to measure the performance of its reportable segments.

Management defines EBITDA as earnings before interest income and expense (including foreign exchange effects), income taxes and amortization expense. EBITDA is a non-GAAP measure generally used as an indicator of financial performance and should not be seen as a measure of liquidity or a substitute for comparable metrics prepared in accordance with Canadian GAAP. Cineplex's EBITDA may differ from similar calculations as reported by other entities and accordingly may not be comparable to EBITDA as reported by other entities.

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

Three months ended March 31, 2017	Film Entertainment and Content	Media	Amusement and Leisure	Corporate and other (ii)	Consolidated
Box office	$ 195,354	$ —	$ —	$ —	$ 195,354
Food service	111,827	—	2,108	—	113,935
Media	—	32,596	1,316	—	33,912
Amusement	2,930	—	38,471	—	41,401
Other	9,532	—	109	—	9,641
Total revenues	$ 319,643	$ 32,596	$ 42,004	$ —	$ 394,243
EBITDA (i)	64,031	16,014	3,268	(22,108)	61,205
Depreciation and amortization	21,490	2,383	4,394	—	28,267
Interest expense					4,862
Interest income					(52)
Income taxes expense					5,163
Net income					$ 22,965

Three months ended March 31, 2016	Film Entertainment and Content	Media	Amusement and Leisure	Corporate and other (ii)	Consolidated
Box office	$ 198,643	$ —	$ —	$ —	$ 198,643
Food service	112,006	—	—	—	112,006
Media	—	32,580	478	—	33,058
Amusement	2,791	—	23,260	—	26,051
Other	8,902	—	253	—	9,155
Total revenues	$ 322,342	$ 32,580	$ 23,991	$ —	$ 378,913
EBITDA (i)	57,378	17,427	739	(19,060)	56,484
Depreciation and amortization	20,342	2,240	2,423	—	25,005
Interest expense					4,607
Interest income					(67)
Income taxes expense					5,484
Net income					$ 21,455

(i) The Film Entertainment and Content reporting segment does not charge an access fee to the Media reporting segment for in-theatre advertising.

(ii) Corporate and other represents the cost of centralized corporate overhead in that is not allocated to the other operating segments.

Though Cineplex's Media and Amusement and Leisure segments have sales and operations in the United States, total revenues outside Canada are not material.

9. Basis of presentation and accounting standards changes

Basis of preparation and measurement

Cineplex prepares its unaudited interim condensed consolidated financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), defined as International Financial Reporting Standards ("IFRS") as set out in the CPA Canada Handbook. The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also

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

requires management to exercise judgment in applying Cineplex's accounting policies. These unaudited interim condensed consolidated financial statements are presented in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. The disclosures contained in these unaudited interim condensed consolidated financial statements do not contain all requirements of Canadian GAAP for annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2016. These unaudited interim condensed consolidated financial statements follow the same accounting policies and methods of application as the audited financial statements for the year ended December 31, 2016.

Accounting standards adopted in the current year

IAS 12 was amended to clarify the requirements for recognizing deferred income tax assets on unrealized losses, deferred income taxes where an asset is measured at fair value below the asset's tax base, and certain other aspects of accounting for deferred income tax assets. The amendments were adopted January 1, 2017, without significant impact on Cineplex's balance sheet and statement of operations.

Accounting standards issued but not yet applied

Management of Cineplex reviews all changes to the IFRS when issued. The International Accounting Standards Board ("IASB") has issued the following standards, which have not yet been adopted by Cineplex. The following is a description of the new standards:

IFRS 9, Financial Instruments

IFRS 9, *Financial Instruments* ("IFRS 9") was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39") for debt instruments, with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income ("OCI"). Where equity instruments are measured at fair value through OCI, dividends are recognized in profit or loss to the extent not clearly representing a return on investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk in liabilities designed at fair value through profit and loss would generally be recorded in OCI or other comprehensive loss ("OCL").

Deliberations by the IASB have clarified upon the modification of debt, any previously incurred deferred financing fees will be expensed in the statement of operations. Previously with IAS 39, additional financing fees would be added to the unamortized financing fees and deferred over the term of the modified debt.

The final version of IFRS 9 was issued in July 2014, and includes a third measurement category for financial assets, "fair value through other comprehensive income"; a single, forward-looking "expected loss impairment model"; and a mandatory effective date for annual periods beginning on or after January 1, 2018. Cineplex is analyzing the new standard to determine its impact on Cineplex's balance sheet and statement of operations.

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

IFRS 15, Revenue from Contracts with Customers

On May 28, 2014, the IASB issued the final revenue standard, IFRS 15, *Revenue from Contracts with Customers,* which will replace IAS 11 *Construction Contracts,* IAS 18 *Revenue,* IFRIC 13 *Customer Loyalty Programmes,* IFRIC 15 *Agreements for the Construction of Real Estate,* IFRIC 18 *Transfer of Assets from Customers,* and SIC 31 *Revenue - Barter Transactions Involving Advertising Services.* The new standard will be mandatorily effective for fiscal years beginning on or after January 1, 2018, and interim periods within that year. Earlier application is permitted. Cineplex is currently analyzing the new standard to determine its impact on Cineplex's balance sheet and statement of operations.

Cineplex has identified all significant revenues from its various lines of business, and has begun analyzing the specific contracts with customers underlying those revenues. Cineplex has tentatively concluded that the implementation of IFRS 15 will not have a material effect on the balance sheet, statement of operations or cash flows from revenues derived through the Exhibition or Amusement and Leisure segments.

Cineplex has identified the following areas that are likely to be affected:

> Digital place-based media – the application of IFRS 15 may result in the identification of separate performance obligations which could affect the timing of revenue recognition. IFRS 15 outlines criteria to determine if a promised good or service in a contract is a distinct performance obligation in the contract. If a performance obligation is not distinct, it will be combined with other promised goods or services until an identified bundle of goods or services that is distinct. At the contract inception, Cineplex will determine whether the distinct performance obligations are transferred to the customer over time, or at a point in time. Depending on this assessment the timing and classification of revenue between various components that comprise digital placed-based media contracts may be affected, and;
>
> Accounting for certain costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognized as an asset under IFRS 15, and amortized over the contractual term. Digital place-based media contracts with customers can extend over more than one reporting period; most other contracts with Cineplex customers do not.

At this stage, Cineplex is not able to estimate the impact of IFRS 15 on the consolidated financial statements or financial accounting systems, if any. Cineplex will make more detailed assessments and disclosures through 2017.

IFRS 17, Leases

On January 13, 2016, the IASB issued IFRS 16 *Leases*, which will replace IAS 17 *Leases*. The new standard will be mandatorily effective for fiscal years beginning on or after January 1, 2019. Earlier application is permitted. Under the new standard, all leases will be on the balance sheet of lessees, except those that meet limited exception criteria. As Cineplex has significant contractual obligations classified as operating leases under the existing standard and there will be a material increase to both assets and liabilities upon adoption of the new standard, and material changes to the timing of recognition of expenses associated with the lease arrangements. Cineplex is analyzing the new standard to determine its impact on Cineplex's balance sheet and statement of operations.

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

10. Subsequent events

On April 1, 2017, Cineplex acquired all the operating assets of Dandy Amusement International Inc. ("Dandy"), for approximately $13,736 in cash, financed through cash-on-hand and Cineplex's existing credit facilities. Dandy is a leading amusement gaming machine operator based in California with operations in western United States.

On April 13, 2017, Cineplex acquired the 20% of WGN that it did not already own for $4,000 in cash. During the first quarter of 2017, Cineplex recognized a gain of $987, reflected in change in fair value of financial instrument.

11. Financial statement presentation

Cineplex has reclassified box office, amusement and other revenues to reflect the growth of its Amusement and Leisure business and to enhance comparability with exhibition peers in the United States. Certain revenues from Cineplex's enhanced guest experience initiatives were previously included in other revenues and are now included with box office revenues. This presentation is consistent with other exhibitors and better reflects how Cineplex management measures and operates the business.

Other revenues also previously contained all amusement revenue. Due to the growth of Cineplex's amusement solutions and location-based entertainment businesses, these revenues are now separately reported as amusement revenues.

Interest expense previously included foreign exchange gains and losses, which are now reported separately.

Prior period financial statement figures have been reclassified to conform to current period presentation. The following tables present revised figures for the three months ended March 31, 2016:

	2016
Box office - previous presentation	$ 192,639
Reclassification from other revenues	6,004
Box office - new presentation	198,643
Other revenues - previous presentation	$ 41,210
Reclassification to box office revenues	(6,004)
Reclassification to amusement revenues	(26,051)
Other revenues - new presentation	9,155
Interest expense - previous presentation	$ 4,826
Reclassification to foreign exchange	(219)
Interest expense - new presentation	4,607