



FOR IMMEDIATE RELEASE

**CINEPLEX INC.**  
**Reports Second Quarter Results**

**TORONTO, Canada**, August 6, 2014 (TSX: CGX) - Cineplex Inc. ("Cineplex") today released its financial results for the three and six months ended June 30, 2014.

**Second Quarter Results**

	<b>2014</b>	<b>2013</b>	<b>Period over Period Change (i)</b>
<b>Total revenues</b>	\$ 323.5million	\$ 301.6million	7.2%
<b>Attendance</b>	19.3million	18.6million	3.6%
<b>Net income</b>	\$ 23.2million	\$ 28.5million	-18.7%
<b>Box office revenues per patron ("BPP") (ii)</b>	\$ 9.40	\$ 9.36	0.4%
<b>Concession revenues per patron ("CPP") (ii)</b>	\$ 5.08	\$ 4.81	5.6%
<b>Adjusted EBITDA (ii)</b>	\$ 59.4million	\$ 58.7million	1.2%
<b>Adjusted EBITDA margin (ii)</b>	18.4 %	19.5 %	-1.1%
<b>Adjusted free cash flow per common share of Cineplex ("Share") (ii)</b>	\$ 0.7734	\$ 0.7347	5.3%
<b>Earnings per Share ("EPS") - basic</b>	\$ 0.37	\$ 0.45	-17.8%
<b>EPS - diluted</b>	\$ 0.37	\$ 0.45	-17.8%

**Year to Date Results**

	<b>2014</b>	<b>2013</b>	<b>Period over Period Change (ii)</b>
<b>Total Revenues</b>	\$ 603.5million	\$ 549.7million	9.8%
<b>Attendance</b>	36.6million	34.8million	5.0%
<b>Net Income</b>	\$ 28.3million	\$ 37.4million	-24.3%
<b>BPP (ii)</b>	\$ 9.23	\$ 9.18	0.5%
<b>CPP (ii)</b>	\$ 5.06	\$ 4.76	6.3%
<b>Adjusted EBITDA (ii)</b>	\$ 90.3million	\$ 90.4million	-0.1%
<b>Adjusted EBITDA Margin (ii)</b>	15.0 %	16.4 %	-1.4%
<b>Adjusted Free Cash Flow per Share (ii)</b>	\$ 1.0656	\$ 1.1186	-4.7%
<b>EPS - Basic</b>	\$ 0.45	\$ 0.60	-25.0%
<b>EPS - Diluted</b>	\$ 0.45	\$ 0.59	-23.7%

- i. Period over period change calculated based on thousands of dollars except percentage and per share values. Changes in percentage amounts are calculated as 2014 value less 2013 value.
- ii. Adjusted EBITDA, adjusted EBITDA margin, adjusted free cash flow per common share of Cineplex, BPP and CPP are measures that do not have a standardized meaning under generally accepted accounting principles ("GAAP"). These measures as well as other non-GAAP financial measures reported by Cineplex are defined in the non-GAAP measures section at the end of this news release.

“Total revenue for the second quarter of 2014 increased 7.2%, or \$21.9 million compared to the prior year, due largely to the 2013 acquisitions of 24 Atlantic theatres and digital signage company Cineplex Digital Networks,” said Ellis Jacob, President and CEO, Cineplex Entertainment. “The box office was impacted by the underperformance of a number of big summer titles and the shifting of release dates on certain films which resulted in a same store decrease in box office revenues of 4.2%, compared to the prior year quarter.”

“Media revenues increased 17.6%, to \$31.0 million primarily as a result of the acquisition of Cineplex Digital Networks. New second quarter records were established for BPP of \$9.40 and CPP of \$5.08. The CPP of \$5.08 was a new all-time record. Food service revenues continued to be strong, increasing 9.3% to \$98.0 million. Adjusted EBITDA increased 1.2% to \$59.4 million as compared to the same period last year.”

“While box office revenues fluctuate as a result of the product being released during each quarter, we continue to focus on diversification in related businesses including media, digital commerce, gaming, food service and alternative programming to offset the variability of our earnings. Our SCENE loyalty program added 200,000 members to reach 5.8 million during the quarter, we announced a partnership with Oxford Properties Group to create North America’s first place-based digital ecosystem in ten high-profile shopping centres across Canada, and we launched a new digital commerce platform for CineplexStore.”

#### **KEY DEVELOPMENTS IN THE SECOND QUARTER OF 2014**

During the second quarter of 2014, the board of directors of Cineplex (the "Board") announced a monthly dividend increase of 4.2% to \$0.1250 per Share (\$1.50 on an annual basis) up from \$0.1200 per Share (\$1.44 on an annual basis) effective with the May 2014 dividend.

The following describes certain key business initiatives and results undertaken and achieved during the second quarter of 2014 in each of Cineplex’s core business areas:

#### **THEATRE EXHIBITION**

- Reported second quarter box office revenues of \$181.4 million, an increase of \$7.0 million over the \$174.4 million reported in the prior year period due to the inclusion of the Atlantic Theatres.
- BPP was \$9.40 for the period, a \$0.04 (0.4%) increase from the prior year period.
- Opened *Cineplex Cinemas Manning Town Centre* in Edmonton, Alberta featuring ten auditoriums including one UltraAVX auditorium during the period.
- Opened Cineplex's popular VIP Cinema concept at *Cineplex Cinemas Yonge Dundas and VIP*, which includes five VIP auditoriums and a licensed lounge.

#### **MERCHANDISING**

- Reported second quarter food service revenues of \$98.0 million, an increase of \$8.3 million over the \$89.7 million reported in the prior year period due to the inclusion of the Atlantic Theatres.
- CPP was \$5.08 for the period, an all-time quarterly record for Cineplex, and \$0.27 (5.6%) higher than the \$4.81 from the prior year period.
- Added four Poptopia and three YoYo's locations across the circuit during the second quarter of 2014. As at June 30, 2014, Cineplex owns and operates 15 Poptopia locations and five YoYo's locations.
- Opened four new XSCAPE entertainment centres in the second quarter of 2014, bringing the total number of XSCAPE locations at June 30, 2014 to 14.

## **MEDIA**

- Reported second quarter Cineplex Media revenues of \$21.2 million, a \$2.5 million (10.5%) decrease against a strong comparator in the prior year period.
- Cineplex Digital Media revenues were \$9.7 million, \$7.1 million higher than the prior year period due to the acquisition of CDN in the third quarter of 2013, which contributed revenues of \$7.0 million in the current period.
- Cineplex and Oxford Properties Group ("Oxford") announced plans to create North America's first place-based digital ecosystem to be added to 10 high-profile shopping centres across Canada, integrating architectural digital media, mobile technology, social media, experiential technologies, and digital media sales and analytics to inspire shoppers and influence purchase decisions.

## **ALTERNATIVE PROGRAMMING**

- Alternative programming in the second quarter of 2014 included performances from the Metropolitan Opera: Live in HD series, ethnic film programming, sports programming as well as national distribution of the film *Legends of Oz - Dorothy's Return* across the country. Also in the period, Cineplex partnered with HBO Canada to show the Season 4 finale of *Game of Thrones* live in participating theatres across Canada.

## **INTERACTIVE**

- Launched a new digital commerce platform for the Cineplex Store, supporting over 7,500 movies that can be rented, purchased or viewed on an expanded range of devices as well as adding download capabilities.
- Entered into a new strategic partnership with Samsung, where the Cineplex Store supports the new "Tab S" Android tablet, delivering rental movies direct to Samsung customers who register their devices with the Cineplex Store.
- Cineplex.com registered a 7% increase in page views and a 2% increase in visits during the second quarter of 2014 compared to the prior year period.
- At June 30, 2014, the Cineplex App had been downloaded 9.6 million times and recorded over 350 million app sessions.

## **LOYALTY**

- Membership in the SCENE loyalty program increased by 0.2 million members in the period, reaching a membership of 5.8 million at June 30, 2014.

## **OPERATING RESULTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2014**

### **Total revenues**

Total revenues for the three months ended June 30, 2014 increased \$21.9 million (7.2%) to \$323.5 million as compared to the prior year period. Total revenues for the six months ended June 30, 2014 increased \$53.8 million (9.8%) to \$603.5 million as compared to the prior year period. A discussion of the factors affecting the changes in box office, food service, media and other revenues for the period is provided below.

Non-GAAP measures discussed throughout this news release, including adjusted EBITDA, adjusted free cash flow, attendance, BPP, premium priced product, same store metrics, CPP, film cost percentage, food service cost percentage and concession margin per patron are defined and discussed in the non-GAAP measures section at the end of this news release.

## Box office revenues

The following table highlights the movement in box office revenues, attendance and BPP for the quarter and the year to date (in thousands of Canadian dollars, except attendance reported in thousands of patrons, and per patron amounts, unless otherwise noted):

Box office revenues	Second Quarter			Year to Date		
	2014	2013	Change	2014	2013	Change
Box office revenues	\$ 181,419	\$ 174,383	4.0 %	\$ 337,644	\$ 319,548	5.7 %
Attendance (i)	19,301	18,629	3.6 %	36,573	34,820	5.0 %
Box office revenue per patron (i)	\$ 9.40	\$ 9.36	0.4 %	\$ 9.23	\$ 9.18	0.5 %
BPP excluding premium priced product (i)	\$ 8.46	\$ 8.37	1.1 %	\$ 8.34	\$ 8.30	0.5 %
Canadian industry revenues (ii)			-6.4 %			-4.9 %
Same store box office revenues (i)	\$ 164,260	\$ 171,460	-4.2 %	\$ 305,382	\$ 313,218	-2.5 %
Same store attendance (i)	17,408	18,319	-5.0 %	32,852	34,140	-3.8 %
% Total box from premium priced product (i)	41.8 %	42.2 %	-0.4 %	40.1 %	38.9 %	1.2 %

(i) See non-GAAP measures section of this news release.

(ii) The Movie Theatre Association of Canada ("MTAC") reported that the Canadian exhibition industry reported a box office revenue decrease of 7.9% for the period from April 4, 2014 to July 3, 2014 as compared to the period from April 5, 2013 to July 4, 2013. On a basis consistent with Cineplex's calendar reporting period (April 1 to June 30), the Canadian industry box office revenue change is estimated to be a decrease of 6.4%. MTAC reported that the Canadian exhibition industry reported a box office revenue decrease of 5.6% for the period from January 3, 2014 to July 3, 2014 as compared to the period from January 4, 2013 to July 4, 2013. On a basis consistent with Cineplex's calendar reporting period (January 1 to June 30), the Canadian industry box office revenues are estimated to be a decrease of 4.9%.

Box office continuity	Second Quarter		Year to Date	
	Box Office	Attendance	Box Office	Attendance
2013 as reported	\$ 174,383	18,629	\$ 319,548	34,820
Same store attendance change	(8,522)	(911)	(11,823)	(1,288)
Impact of same store BPP change	1,321	—	3,987	—
New and acquired theatres (i)	16,431	1,817	30,220	3,507
Disposed and closed theatres (i)	(2,194)	(234)	(4,288)	(466)
2014 as reported	\$ 181,419	19,301	\$ 337,644	36,573

(i) See non-GAAP measures section of this news release. Represents theatres opened, acquired, disposed or closed subsequent to the start of the prior year comparative period.

## Second Quarter

Second Quarter 2014 Top Cineplex Films				Second Quarter 2013 Top Cineplex Films			
	3D	% Box			3D	% Box	
1	X	11.2 %	1	Iron Man 3	X	13.6 %	
2	X	9.4 %	2	Star Trek: Into Darkness	X	9.6 %	
3	X	8.6 %	3	Man of Steel	X	7.9 %	
4	X	7.5 %	4	Fast and Furious 6		6.8 %	
5	X	6.1 %	5	The Great Gatsby	X	4.4 %	

Box office revenues increased \$7.0 million, or 4.0%, to \$181.4 million during the second quarter of 2014, compared to \$174.4 million recorded in the same period in 2013. The increase was due to the impact of the Atlantic Theatres, which contributed \$13.1 million to box office revenues during the period, net of a 4.2% decrease in same store box

office revenues. The weaker film slate in the current period compared to the prior year resulted in a 5.0% decrease in same store attendance and the 4.2% decline in same store box office revenues.

BPP for the three months ended June 30, 2014 was \$9.40, a \$0.04 increase from the prior year period and a second quarter record for Cineplex. Cineplex continues to invest in premium priced formats including 3D, UltraAVX, IMAX and VIP thereby positioning itself to benefit from the premiums charged for these offerings. The strong performance of Cineplex's premium-priced product resulted in Cineplex's same-store results declining less than the Canadian industry in the period, with the industry estimated to be down 6.4% in the period compared to Cineplex's same-store decline of 4.2%.

#### *Year to Date*

Year to Date 2014 Top Cineplex Films		3D	% Box	Year to Date 2013 Top Cineplex Films		3D	% Box
1	The Lego Movie	X	6.1 %	1	Iron Man 3	X	7.4 %
2	Captain America: The Winter Soldier	X	5.6 %	2	Star Trek: Into Darkness	X	5.2 %
3	X-Men: Days of Future Past	X	4.7 %	3	Man of Steel	X	4.3 %
4	The Amazing Spider-Man 2	X	4.3 %	4	Fast and Furious 6		3.7 %
5	Godzilla	X	3.7 %	5	Oz: The Great and Powerful	X	3.7 %

Box office revenues for the six months ended June 30, 2014 were \$337.6 million, an increase of \$18.1 million or 5.7% over the prior year due to the contribution from the Atlantic Theatres (\$23.9 million) more than offsetting the same store revenue decrease of 2.5% due to a 3.8% same store attendance decline. Attendance and box office revenues in the period were impacted by the weaker film product in the first half of 2014 compared to the prior year period, and the impact of extreme weather conditions in certain areas of the country in the first quarter, particularly in the Atlantic provinces, where theatre closures, power outages and poor driving conditions deterred guests from visiting the theatres. The Canadian industry also under performed the US industry in the first quarter of the year, as certain films in the slate performed stronger in certain regions of the US market than they did in Canada.

Cineplex's BPP for the six months ended June 30, 2014 increased \$0.05, or 0.5%, from \$9.18 in the prior year period to \$9.23 in the current period. This increase was primarily due to the increase in revenues from premium-priced product. Premium-priced offerings accounted for 40.1% of Cineplex's box office revenues in the six months ended June 30, 2014, compared to 38.9% in the prior year period. The top five films in the six months ended June 30, 2014 were all screened in 3D (2013 period - four in 3D). The BPP increase was partially mitigated by the top film during the period, *The Lego Movie*, catering to family audiences, resulting in a higher proportion of child tickets sold with a lower average ticket price.

#### **Food service revenues**

The following table highlights the movement in food service revenues, attendance and CPP for the quarter and the year-to-date (in thousands of Canadian dollars, except attendance and same store attendance reported in thousands of patrons, and per patron amounts):

Food service revenues	Second Quarter			Year to Date		
	2014	2013	Change	2014	2013	Change
Food service revenues	\$ 98,024	\$ 89,693	9.3 %	\$ 185,167	\$ 165,572	11.8 %
Attendance (i)	19,301	18,629	3.6 %	36,573	34,820	5.0 %
CPP (i)	\$ 5.08	\$ 4.81	5.6 %	\$ 5.06	\$ 4.76	6.3 %
Same store food service revenues (i)	\$ 87,860	\$ 88,441	-0.7 %	\$ 165,630	\$ 163,018	1.6 %
Same store attendance (i)	17,408	18,319	-5.0 %	32,852	34,140	-3.8 %

(i) See non-GAAP measures section of this news release.

Food service revenue continuity	Second Quarter		Year to Date	
	Food Service	Attendance	Concession	Attendance
2013 as reported	\$ 89,693	18,629	\$ 165,572	34,820
Same store attendance change	(4,395)	(911)	(6,153)	(1,288)
Impact of same store CPP change	3,814	—	8,765	—
New and acquired theatres (i)	9,854	1,817	18,748	3,507
Disposed and closed theatres (i)	(942)	(234)	(1,765)	(466)
2014 as reported	\$ 98,024	19,301	\$ 185,167	36,573

(i) See non-GAAP measures section of this news release. Represents theatres opened, acquired, disposed or closed subsequent to the start of the prior year comparative period.

### *Second Quarter*

Food service revenues are comprised primarily of concession revenues, which includes food sales at theatre locations as well as non-theatre locations. Food service revenues increased \$8.3 million, or 9.3% as compared to the prior year period primarily due to the acquisition of the Atlantic Theatres, which contributed \$8.0 million to food service revenues in the period, and the CPP increase from \$4.81 in the second quarter of 2013 to \$5.08 in the same period in 2014. This represents a quarterly CPP record for Cineplex and the second quarter in a row that exceeds \$5.00 for CPP. Expanded offerings outside of core food service products are driving a higher average order value, resulting in the record CPP in the period.

### *Year to Date*

Food service revenues increased \$19.6 million, or 11.8% as compared to the prior year, due to the acquisition of the Atlantic Theatres (\$15.5 million) and the 6.3% increase in CPP. CPP increased from \$4.76 in the 2013 period to \$5.06 in the current period, the highest CPP Cineplex has reported through the first six months of a year. Same store attendance decreased 3.8% compared to the prior year period, however same store food service revenues increased 1.6% due to the record CPP in the current period more than offsetting the impact of the same store attendance decline.

While the 10% SCENE discount and SCENE points issued on concession combo purchases reduce individual transaction values which impacts CPP, Cineplex believes that this program drives incremental visits and concession purchases, resulting in higher overall concession revenues.

## Media revenues

The following table highlights the movement in media revenues for the quarter and the year-to-date (in thousands of Canadian dollars):

Media revenues	Second Quarter			Year to Date		
	2014	2013	Change	2014	2013	Change
Cineplex Media	\$ 21,241	\$ 23,722	-10.5 %	\$ 37,192	\$ 37,834	-1.7 %
Cineplex Digital Media	9,749	2,628	271.0 %	18,153	4,826	276.2 %
Total	\$ 30,990	\$ 26,350	17.6 %	\$ 55,345	\$ 42,660	29.7 %

### *Second Quarter*

Media revenues increased 17.6% to \$31.0 million in the second quarter of 2014 compared to the prior year period. This increase was due to higher Cineplex Digital Media revenues, up \$7.1 million as compared to the prior year period due to the inclusion of CDN's revenues of \$7.0 million.

Cineplex Media revenues were \$21.2 million, down \$2.5 million (10.5%) from the prior year period, primarily due to lower showtime and pre-show revenues against a strong comparator, as the prior year period was a record second quarter for Cineplex Media revenues. Cineplex Media revenues are \$5.4 million higher than the second quarter of 2012.

### *Year to Date*

Media revenues increased \$12.7 million in the six months ended June 30, 2014 compared to the prior year period. The increase was due to the \$13.3 million increase in Cineplex Digital Media revenues arising from the acquisition of CDN.

Cineplex Media revenues were \$0.6 million lower than the prior year period due to lower pre-show and showtime revenues due to the tough comparator against the prior year period record results, with declines in the packaged goods and electronics categories contributing to the decline. Cineplex Media revenues are \$10.4 million higher than the first six months of 2012.

## Other revenues

The following table highlights the movement in games and other revenues for the quarter and the year to date (in thousands of Canadian dollars):

Other revenues	Second Quarter			Year to Date		
	2014	2013	Change	2014	2013	Change
Games	\$ 1,759	\$ 1,776	-1.0 %	\$ 3,637	\$ 3,879	-6.2 %
Other	11,304	9,430	19.9 %	21,722	18,043	20.4 %
Total other revenues	\$ 13,063	\$ 11,206	16.6 %	\$ 25,359	\$ 21,922	15.7 %

### *Second Quarter*

Other revenues include gaming revenues as well as revenues from the Cineplex Store, promotional activities, screenings, private parties, corporate events, breakage on gift card and voucher sales, revenues from in-theatre guest service initiatives and management fees. Games revenues do not include Cineplex's 50% share of results of CSI, which are included in "Share of income of joint ventures".

Other revenues increased 16.6% to \$13.1 million in the second quarter of 2014 compared to the prior year period. This increase was primarily due to additional revenues arising from enhanced guest service initiatives and new business initiatives. Games revenues decreased 1.0% in the period, due to the 5.0% decrease in same store attendance, partially offset by the inclusion of the Atlantic Theatres (\$0.1 million).

### *Year to Date*

For the year-to-date period, other revenues have increased 15.7% compared to the prior year period due to additional revenues arising from enhanced guest service initiatives and new business initiatives. Games revenues in the prior year period include a life-to-date one-time increase to games revenues in the 2013 period of \$0.5 million arising from a change in accounting policy regarding the recognition of revenue on the sale of XSCAPE gaming cards. Excluding this one-time amount, games revenues increased \$0.2 million in the 2014 period compared to the same period in 2013 due to the inclusion of the Atlantic Theatres.

### **Film cost**

The following table highlights the movement in film cost and the film cost percentage for the quarter and the year to date (in thousands of Canadian dollars, except film cost percentage):

Film cost	Second Quarter			Year to Date		
	2014	2013	Change	2014	2013	Change
Film cost	\$ 94,950	\$ 92,973	2.1 %	\$ 175,408	\$ 166,362	5.4 %
Film cost percentage (i)	52.3 %	53.3 %	-1.0 %	52.0 %	52.1 %	-0.1 %

(i) See non-GAAP measures section of this news release.

### *Second Quarter*

Film cost varies primarily with box office revenue, and can vary from quarter to quarter based on the relative strength of the titles exhibited during the period. The increase in the second quarter of 2014 compared to the prior year period was due to the increase in box office revenue, partially offset by the 1.0% decrease in film cost percentage. The decrease in film cost percentage is primarily due to the settlement rate on the top films during the second quarter of 2014 being lower than the average film settlement rate in the 2013 period.

### *Year to Date*

The year to date increase in film cost was due to the 5.7% increase in box office revenues, partially offset by the 0.1% decrease in film cost percentage during the period. The decrease in the film cost percentage as compared to the prior year period is primarily due to the settlement rate on certain titles during the 2014 period being lower than the average settlement rate in the 2013 period.

## Cost of food service

The following table highlights the movement in cost of food service and cost of food service as a percentage of food service revenues ("concession cost percentage") for the quarter and the year to date (in thousands of Canadian dollars, except percentages and margins per patron):

Cost of food service	Second Quarter			Year to Date		
	2014	2013	Change	2014	2013	Change
Cost of food service	\$ 21,147	\$ 19,173	10.3 %	\$ 40,028	\$ 35,447	12.9 %
Concession cost percentage (i)	21.6 %	21.4 %	0.2 %	21.6 %	21.4 %	0.2 %
Concession margin per patron (i)	\$ 3.98	\$ 3.79	5.0 %	\$ 3.97	\$ 3.74	6.1 %

(i) See non-GAAP measures section of this news release.

### *Second Quarter*

Cost of food service varies primarily with theatre attendance as well as the quantity and mix of offerings sold. The increase in the cost of food service as compared to the prior year period was due to the higher food service revenues and the 0.2% increase in the concession cost percentage during the period. The concession margin per patron increased from \$3.79 in the second quarter of 2013 to \$3.98 in the same period in 2014, reflecting the impact of the higher CPP during the period.

### *Year to Date*

The increase in the cost of food service as compared to the prior year period was due to the higher food service revenues and the 0.2% increase in the concession cost percentage during the period. The concession margin per patron increased from \$3.74 in the prior year period to \$3.97 in the current period, reflecting the impact of the higher CPP in the current period.

Despite the 10% discount offered to SCENE members and SCENE points offered on select offerings, which contributes to a higher concession cost percentage, Cineplex believes the SCENE program drives incremental attendance and purchase incidence which increases food service revenues and CPP.

## Depreciation and amortization

The following table highlights the movement in depreciation and amortization expenses during the quarter and year to date (in thousands of Canadian dollars):

Depreciation and amortization expenses	Second Quarter			Year to Date		
	2014	2013	Change	2014	2013	Change
Depreciation of property, equipment and leaseholds	\$ 17,333	\$ 14,209	22.0 %	\$ 34,163	\$ 27,988	22.1 %
Amortization of intangible assets and other	1,862	2,318	-19.7 %	3,700	5,837	-36.6 %
Depreciation and amortization expenses as reported	\$ 19,195	\$ 16,527	16.1 %	\$ 37,863	\$ 33,825	11.9 %

The quarterly increase in depreciation of property, equipment and leaseholds of \$3.1 million and year to date increase of \$6.2 million is primarily due to the impact of equipment and leasehold improvements relating to assets acquired through acquisitions and new theatre construction.

The decrease in amortization of intangible assets and other in the second quarter of 2014 and the year to date period compared to the prior year periods is due to the amortization of certain trade name assets included in the prior year period that were phased out by Cineplex at the end of 2013. These assets were previously classified as indefinite life assets however during the fourth quarter of 2012 their classification was changed to finite life with amortization recorded through December 31, 2013. The 2014 periods include intangible amortization relating to customer relationships and internally developed software acquired as part of the acquisition of CDN which closed during the third quarter of 2013.

### Loss on disposal of assets

The following table shows the movement in the loss on disposal of assets during the quarter and year to date (in thousands of Canadian dollars):

Loss on disposal of assets	Second Quarter			Year to Date		
	2014	2013	Change	2014	2013	Change
Loss on disposal of assets	\$ 1,989	\$ 1,314	51.4 %	\$ 1,933	\$ 2,376	-18.6 %

During the second quarter of 2014, Cineplex recorded a loss of \$2.0 million on the disposal of assets that were sold or otherwise disposed (2013 - \$1.3 million). For the six months ended June 30, 2014, disposal of assets resulted in a loss of \$1.9 million on the disposal of assets that were sold or otherwise disposed of (2013 - \$2.4 million). The current year to date period includes \$0.6 million gain on the sale of land that was previously a drive-in theatre which is offset by losses on certain assets that were sold or otherwise disposed of.

### Other costs

Other costs include three main sub-categories of expenses, including theatre occupancy expenses, which capture the rent and associated occupancy costs for Cineplex's various operations; other operating expenses, which include the costs related to running Cineplex's theatres and ancillary businesses; and general and administrative expenses, which includes costs related to managing Cineplex's operations, including the head office expenses. Please see the discussions below for more details on these categories. The following table highlights the movement in other costs for the quarter and year to date (in thousands of Canadian dollars):

Other costs	Second Quarter			Year to Date		
	2014	2013	Change	2014	2013	Change
Theatre occupancy expenses	\$ 50,229	\$ 46,826	7.3 %	\$ 101,253	\$ 93,384	8.4 %
Other operating expenses	83,537	68,449	22.0 %	167,748	132,917	26.2 %
General and administrative expenses	15,211	16,600	-8.4 %	30,422	33,107	-8.1 %
Total other costs	\$ 148,977	\$ 131,875	13.0 %	\$ 299,423	\$ 259,408	15.4 %

## Theatre occupancy expenses

The following table highlights the movement in theatre occupancy expenses for the quarter and year to date (in thousands of Canadian dollars):

Theatre occupancy expenses	Second Quarter			Year to Date		
	2014	2013	Change	2014	2013	Change
Rent	\$ 33,775	\$ 31,434	7.4 %	\$ 67,284	\$ 62,533	7.6 %
Other occupancy	17,845	16,340	9.2 %	35,637	32,786	8.7 %
One-time items (i)	(1,391)	(948)	46.7 %	(1,668)	(1,935)	-13.8 %
Total	\$ 50,229	\$ 46,826	7.3 %	\$ 101,253	\$ 93,384	8.4 %

(i) One-time items include amounts related to both theatre rent and other theatre occupancy costs. They are isolated here to illustrate Cineplex's theatre rent and other theatre occupancy costs excluding these one-time, non-recurring items.

Theatre occupancy continuity	Second Quarter Occupancy	Year to Date Occupancy
2013 as reported	\$ 46,826	\$ 93,384
Impact of new and acquired theatres	3,731	7,897
Impact of disposed theatres	(447)	(935)
Same store rent change (i)	388	706
One-time items	(443)	267
Other	174	(66)
2014 as reported	\$ 50,229	\$ 101,253

(i) See non-GAAP measures section of this news release.

### Second Quarter

Theatre occupancy expenses increased \$3.4 million during the second quarter of 2014 compared to the prior year period. This increase was primarily due to the impact of new and acquired theatres net of disposed theatres (\$3.3 million, of which \$3.1 million relates to the Atlantic Theatres). The remaining increase was due to higher same store rent expenses due to rent increases at certain theatre properties as well as higher insurance costs (included in "Other"), net of the impact of one-time items.

### Year to Date

The increase in theatre occupancy expenses of \$7.9 million for the 2014 period compared to the prior year was due to the impact of new and acquired theatres net of disposed theatres (\$7.0 million, of which \$6.1 million relates to the Atlantic Theatres). The remaining increase was due to higher same store rent expenses due to rent increases at certain theatre properties and the impact of one-time items.

## Other operating expenses

The following table highlights the movement in other operating expenses during the quarter and the year to date (in thousands of Canadian dollars):

Other operating expenses	Second Quarter			Year to Date		
	2014	2013	Change	2014	2013	Change
Theatre payroll	\$ 33,127	\$ 29,791	11.2 %	\$ 65,480	\$ 57,807	13.3 %
Media	13,467	6,108	120.5 %	25,877	11,768	119.9 %
Other	36,943	32,550	13.5 %	76,391	63,342	20.6 %
Other operating expenses	\$ 83,537	\$ 68,449	22.0 %	\$ 167,748	\$ 132,917	26.2 %

<b>Other operating continuity</b>	<b>Second Quarter Other Operating</b>	<b>Year to Date Other Operating</b>
2013 as reported	\$ 68,449	\$ 132,917
Impact of new and acquired theatres	6,068	12,897
Impact of disposed theatres	(700)	(1,304)
Same store payroll change (i)	446	1,917
Marketing change	(590)	420
Media acquisitions	6,972	13,617
Media change, excluding media acquisitions	388	492
New business initiatives change	1,101	3,853
Other	1,403	2,939
2014 as reported	\$ 83,537	\$ 167,748
See non-GAAP measures section of this news release.		

### *Second Quarter*

Other operating expenses during the second quarter of 2014 increased \$15.1 million or 22.0% compared to the prior year period. The major components of the increase were the impact of CDN which was acquired in the third quarter of 2013 (\$7.0 million), the impact of new and acquired theatres net of disposed theatres (\$5.4 million), developing business initiatives including the Cineplex Store (\$1.1 million), higher same-store payroll costs (\$0.4 million) due in part to minimum wage increases, and other expenses (\$1.4 million, discussed below). These increases were partially offset by lower marketing costs (\$0.6 million) due to the timing of certain campaigns in the current period compared to the prior year.

The major movements in the Other category include the following:

- The increase in 3D attendance due to the additional 132 3D screens added since June 30, 2013 resulted in higher 3D royalty costs (\$0.4 million) as well as contributing to the higher cost of projector bulbs (\$0.5 million) as 3D features require bulbs with higher output which significantly reduces the life of the bulbs;
- Higher credit card service fees due to higher sales volumes arising from the acquisition of the Atlantic Theatres (\$0.2 million); and
- Higher other costs (\$0.3 million) including ongoing theatre maintenance.

### *Year to Date*

For the six months ended June 30, 2014, other operating expenses increased \$34.8 million or 26.2% compared to the prior year period. The major components of this increase were the impact of new and acquired theatres net of disposed theatres (\$11.6 million) primarily due to the addition of the Atlantic Theatres, the inclusion of CDN (\$13.6 million), developing business initiatives including the Cineplex Store (\$3.9 million), higher same-store payroll costs (\$1.9 million) due in part to minimum wage increases, higher marketing costs (\$0.4 million) partially due to advertising initiatives undertaken as part of Cineplex's partnership with the Canadian Olympic Committee, and other expenses (\$2.9 million, discussed below).

The major movements in the Other category include the following:

- The increase in 3D attendance due to the additional 132 3D screens added since June 30, 2013 resulted in higher 3D royalty costs (\$0.6 million) as well as contributing to the higher cost of projector bulbs (\$0.8 million) as 3D features require bulbs with higher output which significantly reduces the life of the bulbs;
- Higher credit card service fees due to higher sales volumes arising from the acquisition of the Atlantic Theatres (\$0.4 million);

- Higher same-store utility costs (\$0.3 million) due in part to the cold temperatures across parts of the country during the winter months in the current period; and
- Higher other costs (\$0.8 million) including ongoing theatre maintenance.

### General and administrative expenses

The following table highlights the movement in general and administrative (“G&A”) expenses during the quarter and the year to date, including Share based compensation costs, and G&A net of these costs (in thousands of Canadian dollars):

G&A expenses	Second Quarter			Year to Date		
	2014	2013	Change	2014	2013	Change
G&A excluding LTIP and option plan expense	\$ 13,523	\$ 12,384	9.2 %	\$ 27,252	\$ 25,123	8.5 %
LTIP (i)	1,245	3,824	-67.4 %	2,324	7,184	-67.7 %
Option plan	443	392	13.0 %	846	800	5.8 %
G&A expenses as reported	\$ 15,211	\$ 16,600	-8.4 %	\$ 30,422	\$ 33,107	-8.1 %

(i) LTIP includes the expense for Cineplex's long-term incentive program (“LTIP”) as well as the expense for the executive and Board deferred share unit plans.

#### Second Quarter

G&A expenses decreased \$1.4 million during the second quarter of 2014 compared to the prior year period due to a \$2.6 million decrease in LTIP expense partially offset by higher professional fees. The LTIP decrease is due in part to Cineplex's Share price decreasing from \$42.07 at March 31, 2014 to \$41.45 at June 30, 2014 compared to an increase from \$34.48 at March 31, 2013 to \$36.88 at June 30, 2013. G&A excluding LTIP and option plan expense increased \$1.2 million due to higher professional fees relating to new business opportunities.

#### Year to Date

G&A expenses for the year to date period decreased \$2.7 million compared to the prior year period, due to a \$4.9 million decrease in LTIP expense due primarily to a decrease in Cineplex's Share price of 5.9% in the current period compared to an increase of 15.9% in the prior year period, partially offset by a \$2.1 million increase in G&A excluding LTIP and option expense, due to a \$0.8 million increase in head office payroll due to developing business initiatives and a \$1.5 million increase in professional fees relating to new business opportunities and other ongoing initiatives.

### EARNINGS BEFORE INTEREST, INCOME TAXES, DEPRECIATION AND AMORTIZATION (“EBITDA”) (see non-GAAP measures section of this news release)

The following table presents EBITDA and adjusted EBITDA for the three and six months ended June 30, 2014 as compared to the three and six months ended June 30, 2013 (expressed in thousands of Canadian dollars, except adjusted EBITDA margin):

EBITDA	Second Quarter			Year to Date		
	2014	2013	Change	2014	2013	Change
EBITDA	\$ 57,411	\$ 57,513	-0.2 %	\$ 87,756	\$ 87,866	-0.1 %
Adjusted EBITDA	\$ 59,430	\$ 58,711	1.2 %	\$ 90,311	\$ 90,401	-0.1 %
Adjusted EBITDA margin	18.4 %	19.5 %	-1.1 %	15.0 %	16.4 %	-1.4 %

Adjusted EBITDA for the second quarter of 2014 increased \$0.7 million, or 1.2%, as compared to the prior year period. The increase as compared to the prior year period was primarily due to the acquisitions of the Atlantic Theatres and CDN, partially offset by the weaker film product resulting in lower same store attendance, lower showtime and pre-show media revenues due to a tough comparator with the prior year and higher professional fees relating to new business opportunities. Adjusted EBITDA margin, calculated as adjusted EBITDA divided by total revenues, was 18.4% in the current period, down from 19.5% in the prior year period.

Adjusted EBITDA for the six months ended June 30, 2014 decreased \$0.1 million, or 0.1%, as compared to the prior year period, due to the weaker film product in the current period resulting in lower same store attendance, lower showtime and pre-show media revenues due to a tough comparator with the prior year and higher professional fees relating to new business opportunities. The contribution from the Atlantic Theatres and CDN largely offset the period over period decrease. Adjusted EBITDA margin for the period was 15.0%, down from 16.4% in the prior year period.

### **ADJUSTED FREE CASH FLOW**

For the second quarter of 2014, adjusted free cash flow per common share of Cineplex was \$0.7734 as compared to \$0.7347 in the prior year period. The declared dividends per common share of Cineplex were \$0.3700 in the second quarter of 2014 and \$0.3525 in the prior year period. During the twelve months ended June 30, 2014, Cineplex generated adjusted free cash flow per Share of \$2.4047, compared to \$2.2326 per Share in the twelve months ended June 30, 2013. Cineplex declared dividends per Share of \$1.4500 and \$1.3650, respectively, in each period. The payout ratios for these periods were approximately 60.3% and 61.1%, respectively. Adjusted free cash flow per common share and the payout ratios for the 2014 and 2013 periods are positively impacted by Cineplex's use of loss carryforwards acquired through Cineplex's acquisition of AMC Ventures Inc. in 2012, resulting in Cineplex's cash income taxes in 2013 and 2014 being substantially reduced.

### **NON-GAAP FINANCIAL MEASURES**

#### **EBITDA and Adjusted Free Cash Flow**

EBITDA and adjusted free cash flow are not measures recognized by GAAP and do not have standardized meanings in accordance with such principles. Therefore, EBITDA and adjusted free cash flow may not be comparable to similar measures presented by other issuers. Management uses adjusted EBITDA and adjusted free cash flow to evaluate performance primarily because of the significant effect certain unusual or non-recurring charges and other items have on EBITDA from period to period.

EBITDA is calculated by adding back to net income, income tax expense, depreciation and amortization expense, and interest expense net of interest income. Adjusted EBITDA is calculated by adjusting EBITDA for gains and losses on disposal of assets, the share of income or loss of CDCP and depreciation, amortization, interest and taxes of Cineplex's other joint ventures. Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by total revenues.

Adjusted free cash flow is a non-GAAP measure generally used by Canadian corporations, as an indicator of financial performance and it should not be seen as a measure of liquidity or a substitute for comparable metrics prepared in accordance with GAAP.

For a detailed reconciliation of net income to EBITDA and adjusted EBITDA and from cash used in operating activities to adjusted free cash flow, please refer to Cineplex's management's discussion and analysis filed on [www.sedar.com](http://www.sedar.com).

### **Per Patron Revenue Metrics**

Cineplex reviews per patron metrics as they relate to box office revenue and concession revenue such as BPP, CPP, BPP excluding premium priced product, and concession margin per patron, as these are key measures used by investors to value and assess Cineplex's performance, and are widely used in the theatre exhibition industry. Management of Cineplex defines these metrics as follows:

**Attendance:** Attendance is calculated as the total number of paying patrons that frequent Cineplex's theatres during the period.

**BPP:** Calculated as total box office revenues divided by total paid attendance for the period.

**BPP excluding premium priced product:** Calculated as total box office revenues for the period, less box office revenues from 3D, UltraAVX, VIP and IMAX product; divided by total paid attendance for the period, less paid attendance for 3D, UltraAVX, VIP and IMAX product.

**CPP:** Calculated as total food service revenues divided by total paid attendance for the period.

**Premium priced product:** Defined as 3D, UltraAVX, IMAX and VIP film product.

**Concession margin per patron:** Calculated as total concession revenues less total concession cost, divided by attendance for the period.

### **Same Store Analysis**

Cineplex reviews and reports same store metrics relating to box office revenues, concession revenues, rent expense and payroll expense, as these measures are widely used in the theatre exhibition industry as well as other retail industries.

Same store metrics are calculated by removing the results for all theatres that have been opened, acquired, closed or otherwise disposed of subsequent to the start of the prior year comparative period. For the three months ended June 30, 2014, the impact of the 29 locations that have been opened or acquired and three locations that have been closed or otherwise disposed of have been excluded, resulting in 130 theatres being included in the same store metrics. For the six months ended June 30, 2014, the impact of the 31 locations that have been opened or acquired and the three locations that have been closed or otherwise disposed of have been excluded, resulting in 128 theatres being included in the same store metrics.

### **Cost of sales percentages**

Cineplex reviews and reports cost of sales percentages for its two largest revenue sources, box office revenues and concession revenues as these measures are widely used in the theatre exhibition industry. These measures are reported as film cost percentage and concession cost percentage, respectively, and are calculated as follows:

**Film cost percentage:** Calculated as total film cost expense divided by total box office revenues for the period.

**Concession cost percentage:** Calculated as total food service costs divided by total food service revenues for the period.

*Certain information included in this news release contains forward-looking statements within the meaning of applicable securities laws. These forward-looking statements include, among others, statements with respect to Cineplex's objectives, goals and strategies to achieve those objectives and goals, as well as statements with respect to Cineplex's beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words "may", "will", "could", "should", "would", "suspect", "outlook", "believe", "plan", "anticipate", "estimate", "expect", "intend", "forecast", "objective" and "continue" (or the negative thereof), and words and expressions of similar import, are intended to identify forward-looking statements.*

*By their very nature, forward-looking statements involve inherent risks and uncertainties, including those described in Cineplex's Annual Information Form ("AIF") and in this news release. Those risks and uncertainties, both general and specific, give rise to the possibility that predictions, forecasts, projections and other forward-looking statements will not be achieved. Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements. Cineplex cautions readers not to place undue reliance on these statements, as a number of important factors, many of which are beyond Cineplex's control, could cause actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to, risks generally encountered in the relevant industry, competition, customer, legal, taxation and accounting matters.*

*The foregoing list of factors that may affect future results is not exhaustive. When reviewing Cineplex's forward-looking statements, readers should carefully consider the foregoing factors and other uncertainties and potential events. Additional information about factors that may cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in the "Risk Management" section of Cineplex's management's discussion and analysis.*

*Cineplex does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable Canadian securities law. Additionally, we undertake no obligation to comment on analyses, expectations or statements made by third parties in respect of Cineplex or the Partnership, their financial or operating results or their securities. All forward-looking statements in this news release are made as of the date hereof and are qualified by these cautionary statements. Additional information, including Cineplex's AIF, can be found on SEDAR at [www.sedar.com](http://www.sedar.com).*

#### **About Cineplex Inc.**

Cineplex is one of Canada's leading entertainment companies and operates one of the most modern and fully digitized motion picture circuits in the world. A top-tier Canadian brand, Cineplex operates numerous businesses including theatrical exhibition, food services, gaming, alternative programming (Front Row Centre Events), Cineplex Media, Cineplex Digital Solutions, Cineplex Digital Networks, and the online sale of home entertainment content through CineplexStore.com and on apps embedded in various electronic devices. Cineplex is also a joint venture partner in SCENE - Canada's largest entertainment loyalty program.

Cineplex is headquartered in Toronto, Canada, and operates 162 theatres with 1,638 screens from coast to coast, serving approximately 77 million guests annually through the following theatre brands: Cineplex Odeon, SilverCity, Galaxy Cinemas, Scotiabank Theatres, Cineplex Cinemas and Cineplex VIP Cinemas. Cineplex also owns and operates the UltraAVX, Poptopia, and Outtakes brands. Cineplex trades on the Toronto Stock Exchange under the symbol CGX. More information is available at [www.cineplex.com](http://www.cineplex.com).

Further information can be found in the disclosure documents filed by Cineplex with the securities regulatory authorities, available at [www.sedar.com](http://www.sedar.com).

You are cordially invited to participate in a teleconference call with the management of Cineplex (TSX: CGX) to review our quarterly results. **Ellis Jacob, President and Chief Executive Officer** and **Gord Nelson, Chief Financial Officer**, will host the call. The teleconference call is scheduled for:

**Wednesday, August 6, 2014**  
**10:00 a.m. Eastern Time**

In order to participate in the conference call, **please dial 416-847-6330 or outside of Toronto dial 1-866-530-1533** at least five to ten minutes prior to 10:00 a.m. Eastern Time. Please quote the conference ID 7935875 to access the call.

- If you cannot participate in the live mode, a replay will be available. Please dial 647-436-0148 or 1-888-203-1112 and enter code 7935875#. The replay will begin at 1:00 p.m. Eastern Time on Wednesday, August 6, 2014 and end at 1:00 p.m. Eastern Time on Wednesday, August 13, 2014.
- Note that media will be participating in the call in listen-only mode.
- Thank you in advance for your interest and participation.

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**For further information:**

**Gord Nelson**  
**Chief Financial Officer**  
**(416) 323-6602**

**Pat Marshall**  
**Vice President Communications and Investor Relations**  
**(416) 323-6648**

**Cineplex Inc.****Interim Condensed Consolidated Balance Sheets****(Unaudited)****(expressed in thousands of Canadian dollars)**

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	<b>June 30, 2014</b>	<b>December 31, 2013</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 14,499	\$ 44,140
Trade and other receivables	64,236	100,891
Inventories	6,877	7,234
Prepaid expenses and other current assets	11,872	6,838
	<hr/>	<hr/>
	97,484	159,103
<b>Non-current assets</b>		
Property, equipment and leaseholds	477,375	459,112
Deferred income taxes	8,493	17,635
Fair value of interest rate swap agreements	—	92
Interests in joint ventures	45,779	44,359
Intangible assets	112,604	113,601
Goodwill	798,801	797,476
	<hr/>	<hr/>
	\$ 1,540,536	\$ 1,591,378

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**Cineplex Inc.****Interim Condensed Consolidated Balance Sheets ... *continued*****(Unaudited)****(expressed in thousands of Canadian dollars)**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 114,087	\$ 157,333
Share-based compensation	6,587	12,151
Dividends payable	7,873	7,552
Income taxes payable	2,050	2,656
Deferred revenue	103,124	136,373
Finance lease obligations	2,528	2,394
Fair value of interest rate swap agreements	776	635
	<u>237,025</u>	<u>319,094</u>
<b>Non-current liabilities</b>		
Share-based compensation	11,865	15,622
Long-term debt	267,461	217,151
Fair value of interest rate swap agreements	1,255	—
Finance lease obligations	16,402	17,722
Post-employment benefit obligations	6,601	6,522
Other liabilities	171,832	170,125
Convertible debentures	97,807	96,870
	<u>573,223</u>	<u>524,012</u>
<b>Total liabilities</b>	<u>810,248</u>	<u>843,106</u>
<b>Equity</b>		
Share capital	853,870	853,411
Deficit	(125,008)	(107,323)
Accumulated other comprehensive loss	(2,860)	(1,715)
Contributed surplus	4,286	3,899
	<u>730,288</u>	<u>748,272</u>
	<u>\$ 1,540,536</u>	<u>\$ 1,591,378</u>

**Cineplex Inc.****Interim Condensed Consolidated Statements of Operations****(Unaudited)****(expressed in thousands of Canadian dollars, except net income per share)**

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Revenues</b>				
Box office	\$ 181,419	\$ 174,383	\$ 337,644	\$ 319,548
Food service	98,024	89,693	185,167	165,572
Media	30,990	26,350	55,345	42,660
Other	13,063	11,206	25,359	21,922
	<u>323,496</u>	<u>301,632</u>	<u>603,515</u>	<u>549,702</u>
<b>Expenses</b>				
Film cost	94,950	92,973	175,408	166,362
Cost of food service	21,147	19,173	40,028	35,447
Depreciation and amortization	19,195	16,527	37,863	33,825
Loss on disposal of assets	1,989	1,314	1,933	2,376
Other costs	148,977	131,875	299,423	259,408
Share of income of joint ventures	(978)	(1,216)	(1,033)	(1,757)
Interest expense	5,583	1,998	10,800	3,714
Interest income	(43)	(59)	(113)	(137)
	<u>290,820</u>	<u>262,585</u>	<u>564,309</u>	<u>499,238</u>
<b>Income before income taxes</b>	<u>32,676</u>	<u>39,047</u>	<u>39,206</u>	<u>50,464</u>
<b>Provision for income taxes</b>				
Current	1,010	1,926	1,380	1,199
Deferred	8,461	8,578	9,550	11,906
	<u>9,471</u>	<u>10,504</u>	<u>10,930</u>	<u>13,105</u>
<b>Net income</b>	<u>\$ 23,205</u>	<u>\$ 28,543</u>	<u>\$ 28,276</u>	<u>\$ 37,359</u>
<b>Basic net income per share</b>	\$ 0.37	\$ 0.45	\$ 0.45	\$ 0.60
<b>Diluted net income per share</b>	\$ 0.37	\$ 0.45	\$ 0.45	\$ 0.59

**Cineplex Inc.****Interim Condensed Consolidated Statements of Comprehensive Income****(Unaudited)****(expressed in thousands of Canadian dollars)**

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	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Net income</b>	\$ 23,205	\$ 28,543	\$ 28,276	\$ 37,359
<b>Other comprehensive (loss) income</b>				
<i>Items that will be reclassified subsequently to net income:</i>				
(Loss) income on hedging instruments	(981)	1,610	(1,556)	844
Associated deferred income taxes recovery (expense)	260	(479)	411	(368)
<b>Other comprehensive (loss) income</b>	(721)	1,131	(1,145)	476
<b>Comprehensive income</b>	\$ 22,484	\$ 29,674	\$ 27,131	\$ 37,835

**Cineplex Inc.****Interim Condensed Consolidated Statements of Changes in Equity****(Unaudited)****(expressed in thousands of Canadian dollars)****For the six months ended June 30, 2014 and 2013**

	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total
<b>Balance - January 1, 2014</b>	\$ 853,411	\$ 3,899	\$ (1,715)	\$ (107,323)	\$ 748,272
Net income	—	—	—	28,276	28,276
Other comprehensive (loss)	—	—	(1,145)	—	(1,145)
<b>Total comprehensive income</b>			<b>(1,145)</b>	<b>28,276</b>	<b>27,131</b>
Dividends declared	—	—	—	(45,961)	(45,961)
Share option expense	—	846	—	—	846
Issuance of shares on exercise of options	459	(459)	—	—	—
<b>Balance - June 30, 2014</b>	<b>\$ 853,870</b>	<b>\$ 4,286</b>	<b>\$ (2,860)</b>	<b>\$ (125,008)</b>	<b>\$ 730,288</b>
<b>Balance - January 1, 2013</b>	\$ 847,235	\$ 3,768	\$ (1,142)	\$ (102,547)	\$ 747,314
Net income	—	—	—	37,359	37,359
Other comprehensive income	—	—	476	—	476
<b>Total comprehensive income</b>			<b>476</b>	<b>37,359</b>	<b>37,835</b>
Dividends declared	—	—	—	(43,351)	(43,351)
Long-term incentive plan obligation	248	—	—	—	248
Share option expense	—	800	—	—	800
Issuance of shares on exercise of options	752	(752)	—	—	—
<b>Balance - June 30, 2013</b>	<b>\$ 848,235</b>	<b>\$ 3,816</b>	<b>\$ (666)</b>	<b>\$ (108,539)</b>	<b>\$ 742,846</b>

# Cineplex Inc.

## Interim Condensed Consolidated Statements of Cash Flows

(Unaudited)

(expressed in thousands of Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Net income	\$ 23,205	\$ 28,543	\$ 28,276	\$ 37,359
Adjustments to reconcile net income to net cash used in operating activities				
Depreciation and amortization of property, equipment and leaseholds, and intangible assets	19,195	16,527	37,863	33,825
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	(1,479)	(1,708)	(2,879)	(3,277)
Accretion of debt issuance costs and other non-cash interest	1,187	260	2,351	401
Loss on disposal of assets	1,989	1,314	1,933	2,376
Deferred income taxes	8,461	8,578	9,550	11,906
Interest rate swap agreements - non-cash interest	(62)	(234)	(46)	(569)
Non-cash share-based compensation	443	391	846	1,047
Accretion of convertible debentures	467	—	938	—
Net change in interests in joint ventures	(860)	(117)	(1,240)	(825)
Tenant inducements	—	348	2,842	3,305
Changes in operating assets and liabilities	(12,106)	20,542	(58,511)	(17,901)
Net cash provided by operating activities	40,440	74,444	21,923	67,647
<b>Investing activities</b>				
Proceeds from sale of assets	—	2	404	2
Purchases of property, equipment and leaseholds	(19,225)	(17,294)	(50,695)	(34,191)
Acquisition of businesses, net of cash acquired	(1,516)	—	(2,466)	(3,822)
Deposit for business acquisition	—	(5,000)	—	(5,000)
Intangible assets addition	(2,750)	—	(2,750)	—
Net cash received from (invested in) CDCP	769	(403)	769	(549)
Net cash used in investing activities	(22,722)	(22,695)	(54,738)	(43,560)
<b>Financing activities</b>				
Dividends paid	(22,983)	(21,682)	(45,640)	(42,873)
Borrowings (repayments) under credit facility, net	10,000	(15,000)	50,000	—
Payments under finance leases	(595)	(551)	(1,186)	(1,091)
Net cash (used in) provided by financing activities	(13,578)	(37,233)	3,174	(43,964)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>4,140</b>	<b>14,516</b>	<b>(29,641)</b>	<b>(19,877)</b>
<b>Cash and cash equivalents - Beginning of period</b>	<b>10,359</b>	<b>14,272</b>	<b>44,140</b>	<b>48,665</b>
<b>Cash and cash equivalents - End of period</b>	<b>\$ 14,499</b>	<b>\$ 28,788</b>	<b>\$ 14,499</b>	<b>\$ 28,788</b>
<b>Supplemental information</b>				
Cash paid for interest	\$ 5,018	\$ 1,989	\$ 7,421	\$ 3,847
Cash paid for income taxes	\$ 768	\$ 311	\$ 1,986	\$ 12,510

**Cineplex Inc.****Interim Consolidated Supplemental Information****(Unaudited)****(expressed in thousands of Canadian dollars)****Reconciliation to Adjusted EBITDA**

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
<b>Net income</b>	<b>\$ 23,205</b>	<b>\$ 28,543</b>	<b>\$ 28,276</b>	<b>\$ 37,359</b>
Depreciation and amortization	19,195	16,527	37,863	33,825
Interest expense	5,583	1,998	10,800	3,714
Interest income	(43)	(59)	(113)	(137)
Current income tax expense	1,010	1,926	1,380	1,199
Deferred income tax expense	8,461	8,578	9,550	11,906
<b>EBITDA</b>	<b>\$ 57,411</b>	<b>\$ 57,513</b>	<b>\$ 87,756</b>	<b>\$ 87,866</b>
Loss on disposal of assets	1,989	1,314	1,933	2,376
CDCP equity income (i)	(675)	(779)	(620)	(1,112)
Depreciation and amortization - joint ventures (ii)	564	562	1,084	1,081
Joint venture taxes and interest (ii)	141	101	158	190
<b>Adjusted EBITDA</b>	<b>\$ 59,430</b>	<b>\$ 58,711</b>	<b>\$ 90,311</b>	<b>\$ 90,401</b>

(i) CDCP equity income not included in adjusted EBITDA as CDCP is a limited-life financing vehicle that is funded by virtual print fees collected from distributors.

(ii) Includes the joint ventures with the exception of CDCP (see (i) above).

## Cineplex Inc.

### Interim Consolidated Supplemental Information

(Unaudited)

(expressed in thousands of Canadian dollars, except number of shares and per share data)

#### Adjusted Free Cash Flow

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Cash provided by operating activities	\$ 40,440	\$ 74,444	\$ 21,923	\$ 67,647
Less: Total capital expenditures net of proceeds on sale of assets	(19,225)	(17,292)	(50,291)	(34,189)
Standardized free cash flow	21,215	57,152	(28,368)	33,458
Add/(Less):				
Changes in operating assets and liabilities (i)	12,106	(20,542)	58,511	17,901
Changes in operating assets and liabilities of joint ventures (i)	(118)	(1,099)	207	(932)
Tenant inducements (ii)	—	(348)	(2,842)	(3,305)
Principal component of finance lease obligations	(595)	(551)	(1,186)	(1,091)
Growth capital expenditures and other (iii)	14,281	10,890	38,328	22,924
Share of income of joint ventures, net of non-cash depreciation (iv)	1,041	1,071	1,664	1,871
Net cash received from (invested in) CDCP (iv)	769	(403)	769	(549)
<b>Adjusted free cash flow</b>	<b>\$ 48,699</b>	<b>\$ 46,170</b>	<b>\$ 67,083</b>	<b>\$ 70,277</b>
Average number of Shares outstanding	62,966,909	62,844,730	62,954,227	62,824,336
<b>Adjusted free cash flow per Share</b>	<b>\$ 0.7734</b>	<b>\$ 0.7347</b>	<b>\$ 1.0656</b>	<b>\$ 1.1186</b>
<b>Dividends declared</b>	<b>\$ 0.3700</b>	<b>\$ 0.3525</b>	<b>\$ 0.7300</b>	<b>\$ 0.6900</b>

- (i) Changes in operating assets and liabilities are not considered a source or use of adjusted free cash flow.
- (ii) Tenant inducements received are for the purpose of funding new theatre capital expenditures and are not considered a source of adjusted free cash flow.
- (iii) Growth capital expenditures and other represent expenditures on Board approved projects as well as any expenditures for digital equipment that was contributed to CDCP, exclude maintenance capital expenditures, and are net of proceeds on asset sales. Cineplex's revolving facility is available to fund Board approved projects.
- (iv) Excludes the share of income of CDCP, as CDCP is a limited-life financing vehicle funded by virtual print fees collected from distributors. Cash invested into CDCP, as well as cash distributions received from CDCP, are considered to be uses and sources of adjusted free cash flow.