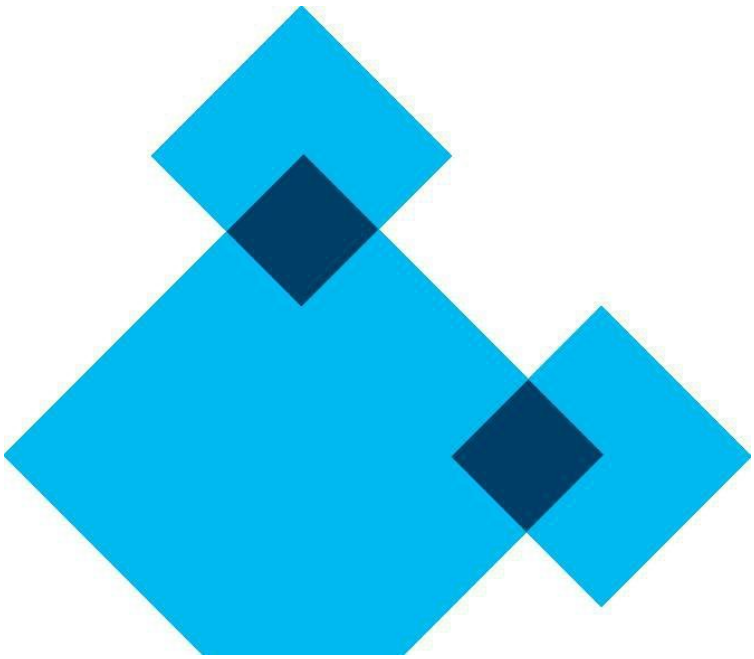
AIMIA
INSPIRING LOYALTY

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2016 and 2015

Unaudited



AIMIA
INSPIRING LOYALTY

MANAGEMENT'S REPORT

The accompanying consolidated financial statements of Aimia Inc. are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, which are International Financial Reporting Standards (“IFRS”). The consolidated financial statements include some amounts and assumptions based on management’s best estimates which have been derived with careful judgment.

In fulfilling its responsibilities, management of the corporation has developed and maintains a system of internal accounting controls. These controls are designed to provide reasonable assurance that the financial records are reliable for preparation of the financial statements. The Board of Directors reviews and approves the corporation’s consolidated financial statements.

August 11, 2016

(signed) "Rupert Duchesne"

RUPERT DUCHESNE
Group Chief Executive

(signed) "Tor Lønnum"

TOR LØNNUM
Chief Financial Officer

AIMIA

CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions of Canadian dollars, except share and per share amounts)		Three Months Ended June 30, 2016 (unaudited)	Three Months Ended June 30, 2015 (unaudited)	Six Months Ended June 30, 2016 (unaudited)	Six Months Ended June 30, 2015 (unaudited)
Revenue	Notes 3 & 10	**$ 525.4**	$ 536.9	**$ 1,095.5**	$ 1,197.0
Cost of sales					
Cost of rewards and direct costs	Note 4	**331.3**	346.4	**700.8**	777.1
Depreciation and amortization		**15.2**	13.1	**28.1**	25.4
Amortization of accumulation partners' contracts, customer relationships and technology		**32.5**	33.2	**65.3**	66.5
		379.0	392.7	**794.2**	869.0
Gross margin		**146.4**	144.2	**301.3**	328.0
Operating expenses					
Selling and marketing expenses		**109.5**	115.7	**220.6**	227.6
General and administrative expenses	Notes 11 & 18A	**54.0**	5.2	**106.7**	50.9
		163.5	120.9	**327.3**	278.5
Operating income (loss)		**(17.1)**	23.3	**(26.0)**	49.5
Gain on disposal of businesses and other assets	Note 5	**23.2**	—	**23.2**	—
Financial income	Note 4	**1.7**	24.1	**3.9**	29.7
Financial expenses		**(11.4)**	(10.4)	**(25.4)**	(20.9)
Net financial income (expenses)		**(9.7)**	13.7	**(21.5)**	8.8
Share of net earnings of equity-accounted investments	Note 8	**6.4**	4.1	**12.0**	7.2
Earnings (loss) before income taxes		**2.8**	41.1	**(12.3)**	65.5
Income tax (expense) recovery					
Current		**(2.6)**	(3.3)	**(4.4)**	(6.8)
Deferred	Note 4	**7.0**	(5.2)	**10.8**	(2.7)
		4.4	(8.5)	**6.4**	(9.5)
Net earnings (loss) for the period		**$ 7.2**	$ 32.6	**$ (5.9)**	$ 56.0
Net earnings (loss) attributable to:					
Equity holders of the Corporation		**7.2**	31.5	**(7.6)**	53.0
Non-controlling interests	Note 15	**—**	1.1	**1.7**	3.0
Net earnings (loss) for the period		**$ 7.2**	$ 32.6	**$ (5.9)**	$ 56.0
Weighted average number of shares		**152,294,611**	163,725,006	**152,516,299**	167,220,084
Earnings (loss) per common share					
Basic and fully diluted	Note 6	**$ 0.02**	$ 0.17	**$ (0.10)**	$ 0.26

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

AIMIA

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of Canadian dollars)		Three Months Ended June 30, 2016 (unaudited)	Three Months Ended June 30, 2015 (unaudited)	Six Months Ended June 30, 2016 (unaudited)	Six Months Ended June 30, 2015 (unaudited)
Net earnings (loss) for the period		**$ 7.2**	$ 32.6	**$ (5.9)**	$ 56.0
Other comprehensive income (loss):					
Items that may be reclassified subsequently to net earnings (loss)					
Foreign currency translation adjustments		**(27.3)**	1.6	**(79.3)**	38.1
Change in fair value of available-for-sale investments, net of tax	Notes 2, 17 & 18C	**(27.9)**	(0.4)	**(27.9)**	0.7
Reclassification to net earnings of gain on sale of available-for-sale investments, net of tax	Notes 4 & 18C	**—**	(18.6)	**—**	(18.6)
Items that will not be reclassified subsequently to net earnings (loss)					
Defined benefit plans actuarial losses, net of tax	Note 18C	**(1.8)**	(0.2)	**(2.9)**	(2.1)
Other comprehensive income (loss) for the period		**(57.0)**	(17.6)	**(110.1)**	18.1
Comprehensive income (loss) for the period		**$ (49.8)**	$ 15.0	**$ (116.0)**	$ 74.1
Comprehensive income (loss) attributable to:					
Equity holders of the Corporation		**(49.8)**	13.9	**(117.6)**	71.1
Non-controlling interests		**—**	1.1	**1.6**	3.0
Comprehensive income (loss) for the period		**$ (49.8)**	$ 15.0	**$ (116.0)**	$ 74.1

AIMIA

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at *(in millions of Canadian dollars)*		June 30, 2016 (unaudited)	December 31, 2015
ASSETS			
Current assets			
Cash and cash equivalents		**$ 352.2**	$ 482.2
Restricted cash		**20.4**	19.2
Short-term investments		**40.8**	54.6
Income taxes receivable		**2.1**	3.9
Accounts receivable		**377.0**	469.8
Inventories		**4.0**	10.6
Prepaid expenses		**64.8**	73.6
Assets held for sale	Notes 18A & 19	**18.0**	—
		879.3	1,113.9
Long-term assets			
Long-term investments	Notes 2 & 7	**395.7**	381.8
Equity-accounted investments	Note 8	**110.9**	117.8
Property and equipment		**40.3**	43.7
Intangible assets	Note 18A	**1,379.7**	1,486.8
Goodwill		**2,017.5**	2,080.7
		$ 4,823.4	$ 5,224.7
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	Note 18A	**$ 428.7**	$ 547.3
Provisions	Note 11	**1.0**	0.6
Customer deposits		**68.8**	88.0
Deferred revenue	Note 10	**1,540.6**	1,597.5
Current portion of long-term debt		**200.0**	—
Liabilities held for sale	Notes 18A & 19	**8.0**	—
		2,247.1	2,233.4
Long-term liabilities			
Provisions	Note 11	**4.4**	5.4
Long-term debt	Note 18A	**447.7**	647.3
Pension and other long-term liabilities		**73.9**	64.2
Deferred income taxes		**63.2**	75.1
Deferred revenue	Note 10	**1,721.0**	1,694.9
		4,557.3	4,720.3
Total equity attributable to equity holders of the Corporation	Note 14	**266.6**	494.7
Non-controlling interests	Note 15	**(0.5)**	9.7
Total equity		**266.1**	504.4
		$ 4,823.4	$ 5,224.7
Contingencies and commitments	Notes 12 & 16		

Approved by the Board of Directors

(signed) Roman Doroniuk
Roman Doroniuk
Director

(signed) Joanne Ferstman
Joanne Ferstman
Director

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

AIMIA

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended June 30, 2015 and 2016 (unaudited)		Common shares outstanding	Share capital	Retained earnings (deficit)	Accumulated other comprehensive income (loss) *(Note 18D)*	Contributed surplus	Total attributable to the equity holders of the corporation	Non-controlling interests	Total equity
(In millions of Canadian dollars, except share amounts)									
Balance, December 31, 2014		171,984,343	$ 1,837.6	$ (2,379.2)	$ 100.5	$ 1,213.1	$ 772.0	$ 6.7	$ 778.7
Total comprehensive income (loss) for the period									
Net earnings for the period				53.0			53.0	3.0	56.0
Other comprehensive income (loss):									
Foreign currency translation adjustments					38.1		38.1	—	38.1
Change in fair value of available-for-sale investments, net of tax	Notes 17 & 18C				0.7		0.7		0.7
Reclassification to net earnings of gain on sale of available-for-sale investments, net of tax	Notes 4 & 18C				(18.6)		(18.6)		(18.6)
Defined benefit plans actuarial losses, net of tax	Note 18C			(2.1)			(2.1)		(2.1)
Total comprehensive income for the period		—	—	50.9	20.2	—	71.1	3.0	74.1
Transactions with owners, recorded directly in equity									
Common shares issued upon exercise of stock options		176,551	2.8			(0.6)	2.2		2.2
Common shares repurchased	Note 14	(11,688,952)	(103.5)			(55.5)	(159.0)		(159.0)
Quarterly dividends, common and preferred	Note 13			(70.7)			(70.7)		(70.7)
Dividends to non-controlling interests							—	(2.1)	(2.1)
Accretion related to stock-based compensation plans						3.2	3.2		3.2
Total contributions by and distributions to owners		(11,512,401)	(100.7)	(70.7)	—	(52.9)	(224.3)	(2.1)	(226.4)
Balance, June 30, 2015		**160,471,942**	**$ 1,736.9**	**$ (2,399.0)**	**$ 120.7**	**$ 1,160.2**	**$ 618.8**	**$ 7.6**	**$ 626.4**
Balance, December 31, 2015		**154,631,754**	**$ 1,685.6**	**$ (2,518.0)**	**$ 176.7**	**$ 1,150.4**	**$ 494.7**	**$ 9.7**	**$ 504.4**
Total comprehensive income (loss) for the period									
Net earnings (loss) for the period				**(7.6)**			**(7.6)**	**1.7**	**(5.9)**
Other comprehensive loss:									
Foreign currency translation adjustments					**(79.2)**		**(79.2)**	**(0.1)**	**(79.3)**
Change in fair value of available-for-sale investments, net of tax	Notes 2, 17 & 18C				**(27.9)**		**(27.9)**		**(27.9)**
Defined benefit plans actuarial losses, net of tax	Note 18C			**(2.9)**			**(2.9)**		**(2.9)**
Total comprehensive income (loss) for the period		**—**	**—**	**(10.5)**	**(107.1)**	**—**	**(117.6)**	**1.6**	**(116.0)**
Transactions with owners, recorded directly in equity									
Common shares issued upon exercise of stock options		**56,457**	**0.6**			**(0.1)**	**0.5**		**0.5**
Common shares repurchased	Note 14	**(2,393,600)**	**(21.2)**			**(0.6)**	**(21.8)**		**(21.8)**
Quarterly dividends, common and preferred	Note 13			**(67.8)**			**(67.8)**		**(67.8)**
Acquisition of non-controlling interest	Note 15			**(23.6)**			**(23.6)**	**(11.8)**	**(35.4)**
Accretion related to stock-based compensation plans						**2.2**	**2.2**		**2.2**
Total contributions by and distributions to owners		**(2,337,143)**	**(20.6)**	**(91.4)**	**—**	**1.5**	**(110.5)**	**(11.8)**	**(122.3)**
Balance, June 30, 2016		**152,294,611**	**$ 1,665.0**	**$ (2,619.9)**	**$ 69.6**	**$ 1,151.9**	**$ 266.6**	**$ (0.5)**	**$ 266.1**

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

AIMIA

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars)		Three Months Ended June 30, 2016 (unaudited)	Three Months Ended June 30, 2015 (unaudited)	Six Months Ended June 30, 2016 (unaudited)	Six Months Ended June 30, 2015 (unaudited)
CASH FLOWS FROM (USED IN)					
Operating activities					
Net earnings (loss) for the period		**$ 7.2**	$ 32.6	**$ (5.9)**	$ 56.0
Adjustments for:					
Depreciation and amortization		**47.7**	46.3	**93.4**	91.9
Share-based compensation		**2.5**	4.5	**4.6**	6.8
Share of net earnings of equity-accounted investments		**(6.4)**	(4.1)	**(12.0)**	(7.2)
Net financial (income) expenses		**9.7**	(13.7)	**21.5**	(8.8)
Income tax (recovery) expense		**(4.4)**	8.5	**(6.4)**	9.5
Gain on disposal of businesses and other assets	Note 5	**(23.2)**	—	**(23.2)**	—
Changes in operating assets and liabilities	Note 18B	**20.8**	8.4	**(7.7)**	(49.7)
Other		**(1.1)**	(3.0)	**(2.7)**	(4.0)
		45.6	46.9	**67.5**	38.5
Cash generated from operating activities		**52.8**	79.5	**61.6**	94.5
Interest received		**5.2**	5.4	**6.6**	7.8
Distributions received from equity-accounted investments	Note 8	**7.7**	10.0	**13.0**	11.6
Interest paid		**(7.6)**	(7.8)	**(19.3)**	(19.6)
Income taxes (paid) received, net		**0.5**	(4.2)	**(2.7)**	14.3
Net cash from operating activities		**58.6**	82.9	**59.2**	108.6
Investing activities					
Cash held in escrow		**—**	—	**—**	1.4
Investments in equity-accounted investments	Note 8	**—**	—	**—**	(2.3)
Proceeds from short-term investments		**—**	30.6	**44.5**	30.6
Purchases of long-term investments		**(5.0)**	(32.1)	**(51.2)**	(32.1)
Proceeds from the sale of long-term investments	Note 4	**—**	30.5	**—**	30.5
Additions to property, equipment, software and technology		**(14.4)**	(23.7)	**(33.9)**	(44.2)
Net cash from (used in) investing activities		**(19.4)**	5.3	**(40.6)**	(16.1)
Financing activities					
Quarterly dividends	Note 13	**(34.6)**	(35.0)	**(67.8)**	(70.7)
Dividends paid to non-controlling interests		**—**	(2.1)	**—**	(2.1)
Acquisition of non-controlling interest	Note 15	**(22.0)**	—	**(22.0)**	—
Issuance of common shares		**—**	0.5	**0.5**	2.2
Repurchase of common shares	Note 14	**—**	(113.7)	**(24.5)**	(156.5)
Net cash used in financing activities		**(56.6)**	(150.3)	**(113.8)**	(227.1)
Net change in cash and cash equivalents		**(17.4)**	(62.1)	**(95.2)**	(134.6)
Translation adjustment related to cash		**(12.7)**	3.4	**(34.8)**	22.7
Cash and cash equivalents, beginning of period		**382.3**	514.4	**482.2**	567.6
Cash and cash equivalents, end of period		**$ 352.2**	$ 455.7	**$ 352.2**	$ 455.7

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

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

THESE FINANCIAL STATEMENTS CONTAIN THE FOLLOWING NOTES:

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

1. STRUCTURE OF THE CORPORATION

Aimia Inc. ("Aimia" or the "Corporation") was incorporated on May 5, 2008 under the *Canada Business Corporations Act*.

The registered and head office of Aimia is located at 525 Viger Avenue West, Suite 1000, Montreal, Quebec, Canada, H2Z 0B2.

Aimia, a data-driven marketing and loyalty analytics company, through its subsidiaries, operates in the following business segments as of January 1, 2016: Americas Coalitions, International Coalitions and Global Loyalty Solutions ("GLS") (*Note 3*).

Americas Coalitions

Within the Americas Coalitions segment, Aimia owns and operates the Aeroplan Program, a premier coalition loyalty program in Canada. Also included in this segment are the Corporation's Canadian non-platform based loyalty services business, its U.S. Channel and Employee Loyalty business and its Enhancement Services business, which was sold on July 29, 2016 (*Note 19*).

International Coalitions

Within the International Coalitions segment, Aimia owns and operates the Nectar UK and Air Miles Middle East coalition loyalty programs (*Note 15*). The segment also includes the Corporation's Shopper Insights and Communications business, which provides data-driven analytics and insights services to retailers and their suppliers globally through its Intelligent Shopper Solutions business and its 50% participation in i2c, a joint venture with Sainsbury's. Aimia also operated Nectar Italia, an Italian coalition program which ceased its operations on March 1, 2016, and owns a 25% interest in Travel Club, a coalition loyalty program in Spain.

Global Loyalty Solutions

Within this segment, Aimia provides clients with comprehensive end-to-end loyalty solutions across the globe with operations in Americas, Europe and Asia Pacific. GLS provides clients with loyalty strategy, program design, implementation, campaign, analytics and rewards fulfillment. GLS also deploys Aimia's loyalty platforms including the Aimia Loyalty Platform and Smart Button as part of its loyalty solutions.

Corporate

Corporate includes global shared services, product development costs and share-based compensation that have not been allocated to divisions as well as investments. Corporate investments include a 48.9% interest in, and joint control with Grupo Aeromexico of, PLM, the owner and operator of Club Premier, a Mexican coalition loyalty program. Additionally, Corporate includes investments in Think Big, the owner and operator of BIG, AirAsia and Tune Group's loyalty program, and China Rewards, a China based retail coalition loyalty program start-up, as well as a minority interest in Cardlytics, a US-based private company operating in card-linked marketing for electronic banking.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

(a) Statement of Compliance

These condensed unaudited consolidated interim financial statements ("interim financial statements") were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and in compliance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34"). Accordingly, certain information and notes disclosures normally included in the audited annual consolidated financial statements, have been omitted or condensed. These interim financial statements should be read in conjunction with the Corporation's audited annual consolidated financial statements for the year ended December 31, 2015.

The interim financial statements include all adjustments considered necessary by management to fairly state the Corporation's results of operations, financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year.

These interim financial statements were authorized for issue by the Corporation’s Board of Directors on August 11, 2016.

(b) Basis of Measurement

These interim financial statements have been prepared on the historical cost basis except for the following balance sheet items:

- Investments in equity instruments are measured at fair value (*Notes 7 and 17*);
- Liabilities for cash-settled share-based payment arrangements are measured at fair value;
- Accrued pension benefit liability is recognized as the net total of the fair value plan assets, less the present value of the defined benefit obligation;
- Contingent considerations related to business acquisitions or disposals are measured at fair value (*Notes 7, 15 & 17*);
- Investments in convertible notes are measured at fair value (*Notes 7 & 17*).

(c) Functional and Presentation Currency

These interim financial statements are presented in Canadian Dollars, which is the Corporation’s functional currency.

(d) Use of Estimates and Judgments

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Corporation's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

statements are the same as those set out in *Note 2* of the Corporation's audited annual consolidated financial statements for the year ended December 31, 2015 except the following:

- Fair value of investment in equity instruments (*Note 17*)

(e) Accounting Policies

These interim financial statements have been prepared using the same accounting policies as those presented in the Corporation's audited annual consolidated financial statements for the year ended December 31, 2015, except as described below.

Changes in Accounting Policies

The Corporation has adopted the following revised standards as detailed below:

IFRS 5 Amendment, Change in Methods of Disposal

IFRS 5 - *Non-Current Assets Held for Sale and Discontinued Operations* was amended to clarify that a change in disposal method should not be considered to be a new plan of disposal but a continuation of the original plan. There is therefore no interruption of the application of the requirements in this standard. The amendment also clarifies that changing the disposal method does not change the date of classification. The Corporation determined that the adoption of the amended standard had no impact on its consolidated financial statements.

IAS 19 Amendment, Discount Rate: Regional Market Issue

IAS 19 - *Employee Benefits* was amended to clarify that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated rather than where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The Corporation determined that the adoption of the amended standard had no impact on its consolidated financial statements.

IFRS 7 Amendment, Applicability of Offsetting Disclosures to Condensed Interim Financial Statements

IFRS 7 - *Financial Instrument: Disclosures* was amended to clarify that offsetting disclosures are not required in the condensed interim financial statements. The Corporation determined that the adoption of the amended standard had no impact on its interim financial statements.

IAS 34 Amendment, Disclosure of Information 'Elsewhere in the Interim Financial Report'

IAS 34 - *Interim Financial Reporting* was amended to clarify the meaning of 'elsewhere in the interim financial report' and states that the required interim disclosures must be either in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The Corporation determined that the adoption of the amended standard had no impact on its interim financial statements.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(Tables in millions of Canadian dollars, except share and per share amounts)

IAS 1 Amendments, Disclosure Initiative

IAS 1 - *Presentation of Financial Statements* was amended to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The Corporation determined that the adoption of the amended standard had no impact on its consolidated financial statements.

Future Accounting Changes

The following section provides an update to the same section included in *Note 2* of the Corporation's audited annual consolidated financial statements for the year ended December 31, 2015.

IFRS 16 Leases

The IASB issued IFRS 16 - *Leases*, superseding IAS 17 - *Leases* and related interpretations. IFRS 16 is a significant change from current IFRS, which will require lessees to recognise assets and liabilities for most leases using a single accounting model for all leases, with certain exemptions. For lessors, the accounting is substantially unchanged. The new standard will be effective for annual reporting periods beginning on or after January 1, 2019. At this time, management is reviewing the impact that this standard will have on its consolidated financial statements.

IAS 7 Amendments, Disclosures related to financing activities

The IASB issued amendments to IAS 7 - *Statement of Cash Flows* to require disclosures about changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendment is effective for years beginning on or after January 1, 2017. At this time, the Corporation is still evaluating the impact of these changes but does not anticipate that they will have a significant impact on its consolidated financial statements.

IAS 12 Amendments, Recognition of Deferred Tax Assets for Unrealised Losses

The IASB issued amendments to IAS 12 - *Income Taxes* to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explains in which circumstances taxable profit may include the recovery of some assets for more than their carrying amount. The amendment is effective for years beginning on or after January 1, 2017. At this time, the Corporation does not anticipate that these changes will have a significant impact, if any, on its consolidated financial statements.

SEASONALITY OF OPERATIONS

Historically, the Aeroplan Program, which is reported within the Americas Coalitions segment, has been marked by seasonality relating to high redemption activity in the first half of the year and high accumulation activity in the second half of the year. The Nectar Program, which is reported within the International Coalitions segment, is characterized

by high redemption activity in the last quarter of the year as a result of the holiday season. While the reward fulfillment component of loyalty solutions is also affected by similar seasonality in the last quarter of the year, also related to the holiday season, the impact at the consolidated level is not significant due to the lower size of the business compared to that of the Aeroplan Program and the Nectar Program.

3. SEGMENTED INFORMATION

Effective January 1, 2016, the Corporation was reorganized into a divisional structure, which consists of the following operating segments: Americas Coalitions, International Coalitions and GLS. Previously, the Corporation was organized in a regional structure and its operating segments were Canada, EMEA and US & APAC. The changes focus the Corporation on its core businesses for growth and leadership in data-driven marketing and loyalty analytics, while also simplifying Aimia's operations. As a result, the comparative information has been restated to conform with the new segmentation.

For each of the operating segments, the Corporation’s Group Chief Executive and Group Chief Operating Officer review internal management reports on a monthly basis. The segments were identified on a divisional basis and are aligned with the organizational structure and strategic direction of the organization.

The Americas Coalitions segment derives its revenues primarily from the Aeroplan Program and from non-platform based loyalty solutions services. The GLS segment derives its revenues primarily from loyalty solutions services, including revenue from its Aimia Loyalty Platform and Smart Button products. The International Coalitions segment derives its revenues primarily from the Nectar UK and Air Miles Middle East coalition loyalty programs. In addition, the International Coalitions segment also generates revenues from analytics and insights services, including Shopper Insights and Communications, and from loyalty solutions services.

Accounting policies relating to each segment are identical to those used for the purposes of the consolidated financial statements. Management of global shared services, global product development costs and share-based compensation is centralized and, consequently, these expenses are not allocated to the operating segments.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

The tables below summarize the relevant financial information by operating segment:

	Three Months Ended June 30,											
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Operating Segments	**Americas Coalitions**		**International Coalitions**		**GLS**		**Corporate** [b]		**Eliminations**		**Consolidated**	
Gross Billings from the sale of Loyalty Units	**311.9**	305.9	**107.2**	152.4	**—**	—	**—**	—	**—**	—	**419.1**	458.3
Gross Billings from Loyalty Services and Other	**66.4**	70.1	**23.5**	21.8	**51.8**	55.6	**—**	—	**(0.1)**	(0.5)	**141.6**	147.0
Total Gross Billings	**378.3**	376.0	**130.7**	174.2	**51.8**	55.6	**—**	—	**(0.1)**	(0.5)	**560.7** [c]	605.3 [c]
Revenue from Loyalty Units	**286.6**	268.7	**95.6**	116.2	**—**	—	**—**	—	**—**	—	**382.2**	384.9
Revenue from Loyalty Services and Other	**67.8**	73.9	**23.7**	21.7	**51.7**	56.4	**—**	—	**—**	—	**143.2**	152.0
Intercompany revenue	**—**	—	**—**	0.1	**0.1**	0.4	**—**	—	**(0.1)**	(0.5)	**—**	—
Total revenue	**354.4**	342.6	**119.3**	138.0	**51.8**	56.8	**—**	—	**(0.1)**	(0.5)	**525.4**	536.9
Cost of rewards and direct costs	**223.0**	223.9	**78.8**	90.3	**29.5**	32.4	**—**	—	**—**	(0.2)	**331.3**	346.4
Depreciation and amortization [a]	**37.4**	38.0	**5.0**	3.8	**1.6**	1.5	**3.7**	3.0	**—**	—	**47.7**	46.3
Gross margin	**94.0**	80.7	**35.5**	43.9	**20.7**	22.9	**(3.7)**	(3.0)	**(0.1)**	(0.3)	**146.4**	144.2
Operating expenses before share-based compensation	**81.1**	37.5 [f]	**33.0**	34.2	**22.2**	22.2	**24.8**	22.8	**(0.1)**	(0.3)	**161.0**	116.4 [f]
Share-based compensation	**—**	—	**—**	—	**—**	—	**2.5**	4.5	**—**	—	**2.5**	4.5
Total operating expenses	**81.1**	37.5 [f]	**33.0**	34.2	**22.2**	22.2	**27.3**	27.3	**(0.1)**	(0.3)	**163.5**	120.9 [f]
Operating income (loss) [g]	**12.9**	43.2 [f]	**2.5**	9.7	**(1.5)**	0.7	**(31.0)**	(30.3)	**—**	—	**(17.1)**	23.3 [f]
Additions to non-current assets [d]	**6.1**	8.8	**4.5**	10.3	**0.7**	0.4	**3.1**	4.2	**N/A**	N/A	**14.4**	23.7
Non-current assets [d]	**2,853.2**	3,002.1	**500.7**	548.9	**28.9**	30.8	**54.7**	51.9	**N/A**	N/A	**3,437.5** [e]	3,633.7 [e]

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(Tables in millions of Canadian dollars, except share and per share amounts)

(a) Includes depreciation and amortization as well as amortization of Accumulation Partners' contracts, customer relationships and technology.

(b) Includes global shared services, global product development costs and share-based compensation.

(c) Includes third party Gross Billings of $343.6 million in Canada, $121.1 million in the UK and $42.7 million in the US for the three months ended June 30, 2016, compared to third party Gross Billings of $343.0 million in Canada, $166.9 million in the UK and $41.7 million in the US for the three months ended June 30, 2015. Third party Gross Billings are attributed to a country on the basis of the country where the contractual and management responsibility for the customer resides.

(d) Non-current assets include amounts relating to goodwill, intangible assets and property and equipment.

(e) Includes non-current assets of $2,832.2 million in Canada, $510.9 million in the UK and $62.6 million in the US as of June 30, 2016, compared to non-current assets of $2,972.2 million in Canada, $527.9 million in the UK and $70.2 million in the US as of June 30, 2015.

(f) Includes the favourable impact of $45.7 million resulting from the reduction of the Card Migration Provision during the three months ended June 30, 2015 (*Note 11*).

(g) The reconciliation of the consolidated operating income (loss) to the consolidated earnings (loss) before income taxes for the three months ended June 30, 2016 and June 30, 2015 is presented in the consolidated statements of operations.

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	Six Months Ended June 30,											
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Operating Segments	**Americas Coalitions**		**International Coalitions**		**GLS**		**Corporate** [b]		**Eliminations**		**Consolidated**	
Gross Billings from the sale of Loyalty Units	**596.1**	590.7	**248.2**	312.8	**—**	—	**—**	—	**—**	—	**844.3**	903.5
Gross Billings from Loyalty Services and Other	**133.5**	147.2	**49.3**	41.7	**106.9**	109.2	**—**	—	**(0.3)**	(1.1)	**289.4**	297.0
Total Gross Billings	**729.6**	737.9	**297.5**	354.5	**106.9**	109.2	**—**	—	**(0.3)**	(1.1)	**1,133.7** [c]	1,200.5 [c]
Revenue from Loyalty Units	**586.1**	573.5	**217.7**	319.6	**—**	—	**—**	—	**—**	—	**803.8**	893.1
Revenue from Loyalty Services and Other	**136.0**	152.8	**49.3**	41.5	**106.4**	109.6	**—**	—	**—**	—	**291.7**	303.9
Intercompany revenue	**—**	—	**0.1**	0.3	**0.2**	0.8	**—**	—	**(0.3)**	(1.1)	**—**	—
Total revenue	**722.1**	726.3	**267.1**	361.4	**106.6**	110.4	**—**	—	**(0.3)**	(1.1)	**1,095.5**	1,197.0
Cost of rewards and direct costs	**461.7**	482.2	**176.8**	232.1	**62.3**	63.3	**—**	—	**—**	(0.5)	**700.8**	777.1
Depreciation and amortization [a]	**74.0**	75.7	**9.2**	7.6	**3.2**	3.1	**7.0**	5.5	**—**	—	**93.4**	91.9
Gross margin	**186.4**	168.4	**81.1**	121.7	**41.1**	44.0	**(7.0)**	(5.5)	**(0.3)**	(0.6)	**301.3**	328.0
Operating expenses before share-based compensation	**165.1**	117.1 [f]	**68.6**	70.0	**47.3**	43.3	**42.0**	41.9	**(0.3)**	(0.6)	**322.7**	271.7 [f]
Share-based compensation	**—**	—	**—**	—	**—**	—	**4.6**	6.8	**—**	—	**4.6**	6.8
Total operating expenses	**165.1**	117.1 [f]	**68.6**	70.0	**47.3**	43.3	**46.6**	48.7	**(0.3)**	(0.6)	**327.3**	278.5 [f]
Operating income (loss) [g]	**21.3**	51.3 [f]	**12.5**	51.7	**(6.2)**	0.7	**(53.6)**	(54.2)	**—**	—	**(26.0)**	49.5 [f]
Additions to non-current assets [d]	**14.6**	20.8	**10.1**	14.7	**1.7**	1.2	**7.5**	7.5	**N/A**	N/A	**33.9**	44.2
Non-current assets [d]	**2,853.2**	3,002.1	**500.7**	548.9	**28.9**	30.8	**54.7**	51.9	**N/A**	N/A	**3,437.5** [e]	3,633.7 [e]

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(Tables in millions of Canadian dollars, except share and per share amounts)

(a) Includes depreciation and amortization as well as amortization of Accumulation Partners' contracts, customer relationships and technology.

(b) Includes global shared services, global product development costs and share-based compensation.

(c) Includes third party Gross Billings of $661.4 million in Canada, $280.1 million in the UK and $83.8 million in the US for the six months ended June 30, 2016, compared to third party Gross Billings of $670.6 million in Canada, $327.9 million in the UK and $85.1 million in the US for the six months ended June 30, 2015. Third party Gross Billings are attributed to a country on the basis of the country where the contractual and management responsibility for the customer resides.

(d) Non-current assets include amounts relating to goodwill, intangible assets and property and equipment.

(e) Includes non-current assets of $2,832.2 million in Canada, $510.9 million in the UK and $62.6 million in the US as of June 30, 2016, compared to non-current assets of $2,972.2 million in Canada, $527.9 million in the UK and $70.2 million in the US as of June 30, 2015.

(f) Includes the favourable impact of $45.7 million resulting from the reduction of the Card Migration Provision during the six months ended June 30, 2015 (*Note 11*).

(g) The reconciliation of the consolidated operating income (loss) to the consolidated earnings (loss) before income taxes for the six months ended June 30, 2016 and June 30, 2015 is presented in the consolidated statements of operations.

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4. MAJOR ACCUMULATION PARTNERS AND SIGNIFICANT REDEMPTION PARTNER

Aimia's top four major Accumulation Partners account for a significant percentage of Gross Billings. Since Aimia's revenues are recognized based on redemptions by members as opposed to the issuance of Loyalty Units to members by the Accumulation Partners, the information on major customers is based on total Gross Billings, which include proceeds from the sale of Loyalty Units and services rendered or to be rendered. Gross Billings for each Accumulation Partner represent the contracted amounts received or receivable from Accumulation Partners and customers during each period. Aimia's top four Accumulation Partners accounted for a significant percentage of Gross Billings as follows:

		Three Months Ended June 30,		Six Months Ended June 30,	
	Operating segment	2016	2015	2016	2015
		%	%	%	%
TD	Americas Coalitions	19	16	18	16
Sainsbury's	International Coalitions	11	16	14	16
CIBC	Americas Coalitions	12	12	11	11
Air Canada	Americas Coalitions	11	11	11	11

FINANCIAL CARD AGREEMENTS

On September 16, 2013, Aimia entered into ten-year financial credit card agreements with each of TD Bank Group ("TD") and Canadian Imperial Bank of Commerce ("CIBC"), effective from January 1, 2014. Under these agreements TD became Aeroplan's primary financial services partner and credit card issuer, while CIBC continues to be an issuer of Aeroplan credit cards.

On September 16, 2013, Aimia also entered into an asset purchase agreement with TD and CIBC. These agreements were subject to certain regulatory approvals and other closing conditions, all of which were fulfilled on December 27, 2013. Pursuant to this agreement, TD acquired on December 27, 2013 approximately half of the Aeroplan credit card portfolio from CIBC and CIBC retained the balance, comprised of Aeroplan cardholders who have broader banking relationships with CIBC. As a result, a payment of $150.0 million in relation to the sale of approximately half of the Aeroplan card portfolio to TD, was made by Aimia to CIBC and recorded in general and administrative expenses during the fourth quarter of 2013. Concurrent with the asset purchase agreement, the parties entered into a migration agreement. Depending on the net migration of Aeroplan-branded credit card accounts between CIBC and TD over the first five years of the agreement (meaning the net amount of cardholders retained by CIBC who choose to move to TD and the cardholders purchased by TD who choose to move to CIBC), TD, Aimia and CIBC have agreed to make payments of up to $400.0 million. Aimia will be responsible for, or entitled to receive, up to $100.0 million of these payments over five years. During the fourth quarter of 2013, a provision ("Card Migration Provision") was recorded, representing management's best estimate at the time of the anticipated net migration of Aeroplan-branded credit card accounts between CIBC and TD over five years. In order to determine the Card Migration Provision,

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management uses an expected value model. Please refer to *Note 11* for more information. In accordance with the migration agreement, payments relating to the net migration of the Aeroplan-branded credit card accounts are to be made on an annual basis.

CONTRACTUAL AND COMMERCIAL PRACTICES WITH AIR CANADA

Air Canada, including other Star Alliance Partners, is Aimia's largest Redemption Partner. The cost of rewards provided by Air Canada (and other Star Alliance Partners) as a percentage of total cost of rewards and direct costs is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	%	%	%	%
Air Canada (and other Star Alliance Partners)	52	49	51	47

Air Canada acts as a clearing house for substantially all Gross Billings of Aeroplan Miles and reward purchase transactions between Aimia Canada Inc. (operator of the Aeroplan Program and wholly-owned subsidiary of Aimia) ("Aeroplan") and airlines other than Air Canada (Star Alliance Partners). Aeroplan has entered into various agreements with Air Canada governing the commercial relationship between Aeroplan and Air Canada. The following is a summary of the relevant financial terms of the most significant agreements.

CPSA

The amended and restated commercial participation services agreement dated June 9, 2004 between Air Canada and Aeroplan, as amended (the "CPSA"), which expires on June 29, 2020, covers the terms and conditions of the purchase of air travel rewards by Aeroplan from Air Canada and its affiliates, the purchase of Aeroplan Miles by Air Canada and its affiliates for issuance to members and the management of the tier membership program for certain Air Canada customers. Pursuant to the CPSA, Aeroplan is required to purchase annually a minimum number of reward travel seats on Air Canada and its affiliates, which number is based on a function of the number of seats utilized in the three preceding calendar years. Based on the three years ended December 31, 2015, Aeroplan is required to purchase reward travel seats amounting to approximately $515.2 million each year. While Air Canada can change the number of Aeroplan Miles under the Aeroplan Program awarded to members per flight without Aeroplan's consent, Air Canada is required to purchase, on an annual basis, a pre-established number of Aeroplan Miles under the Aeroplan Program at a specified rate. Aeroplan is required to perform certain marketing and promotion services for Air Canada, including contact centre services for the management of the frequent flyer tier membership program, for a fee based on actual costs, on a fully allocated basis, plus an administrative fee. Aeroplan's ability to respond to members' requests for future rewards will depend on Air Canada's ability to provide the requested number of seats.

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AIR CANADA WARRANTS AND CLASS B SHARES

In connection with the July 29, 2009 Air Canada club loan, which was repaid on August 3, 2010, Air Canada issued warrants to the lenders to purchase Air Canada Class A or Class B variable voting shares. Aeroplan received 1,250,000 warrants with an exercise price of $1.51 each on July 29, 2009 and 1,250,000 warrants with an exercise price of $1.44 each on October 19, 2009, exercisable at any time and expiring four years from the date of grant.

On July 24, 2013, Aimia exercised 1,250,000 warrants at a price of $1.51 each and acquired a corresponding number of Air Canada Class B shares for cash consideration of $1.9 million. The fair value of these warrants amounted to $0.9 million on July 24, 2013. On October 16, 2013, Aimia exercised the remaining 1,250,000 warrants at a price of $1.44 each and acquired a corresponding number of Air Canada Class B shares for cash consideration of $1.8 million. The fair value of these warrants amounted to $4.4 million on October 16, 2013.

At December 31, 2014 and March 31, 2015, the fair value of Air Canada Class B shares amounted to $29.7 million and $31.0 million, respectively.

During the second quarter of 2015, Aimia disposed of all of its Air Canada Class B shares for net proceeds of $30.5 million. As a result of the disposal, the gain (net of tax) in accumulated other comprehensive income, representing an amount of $18.6 million, was reclassified to net earnings during the second quarter of 2015. Of this amount, $21.5 million was recorded in financial income and $2.9 million in deferred income tax expense.

Prior to their disposal, the investment in Air Canada Class B shares was accounted for as an available-for-sale investment, measured at fair value with changes recognized in other comprehensive income (*Note 17*).

5. DISPOSAL OF BUSINESSES AND OTHER ASSETS

COMMERCIAL RIGHTS IN UK CARD-LINKED MARKETING BUSINESS

On June 30, 2016, Aimia exited the UK card-linked marketing business that it had built in the UK under its commercial agreements with Cardlytics for an initial consideration of $11.7 million (US$9.0 million) in the form of notes convertible in equity instruments of Cardlytics (*Note 7*). Additionally, a contingent consideration of $11.7 million (US$9.0 million) will be received by Aimia in the form of convertible notes of Cardlytics upon the satisfaction of certain conditions relating to the UK card-linked business. The fair value of the contingent consideration receivable was estimated at $11.7 million at June 30, 2016 (*Note 7*). The carrying amount of the net assets and liabilities at June 30, 2016 relating to the UK card-linked marketing business was $0.2 million. As a result, a gain of $23.2 million was recorded in profit and loss during the current period.

Furthermore, the net amount receivable outstanding on June 30, 2016, before the transaction was concluded, of an estimated amount of $7.4 million (US$5.7 million) by Aimia from Cardlytics in relation to the UK card-linked marketing business (*Note 7*) will be exchanged for convertible notes once the review of the net receivable amount is finalized.

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(Tables in millions of Canadian dollars, except share and per share amounts)

6. EARNINGS (LOSS) PER COMMON SHARE

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net earnings (loss) attributable to equity holders of the Corporation	**7.2**	31.5	**(7.6)**	53.0
Deduct: Dividends declared on preferred shares (*Note 13*)	**(4.2)**	(4.3)	**(8.4)**	(9.4)
Net earnings (loss) attributable to common shareholders	**3.0**	27.2	**(16.0)**	43.6
Weighted average number of basic and diluted common shares	**152,294,611**	163,725,006	**152,516,299**	167,220,084
Earnings (loss) per common share – Basic and fully diluted	**$ 0.02**	$ 0.17	**$ (0.10)**	$ 0.26

7. LONG-TERM INVESTMENTS

	June 30,	December 31,
	2016	2015
Investments in equity instruments [(a)]	92.3	128.2
Investment in corporate and government bonds *(Note 9)* [(b)]	267.3	253.6
Investments in convertible notes (*Note 5*) [(c)]	17.0	—
Contingent consideration receivable (*Note 5*)	11.7	—
Other receivable (*Note 5*)	7.4	—
Total	**395.7**	381.8

(a) Includes the investment in Cardlytics at June 30, 2016 and December 31, 2015. During the three and six months ended June 30, 2016, a fair value loss of $27.9 million was recorded in other comprehensive income related to the investment in Cardlytics (*Note 17*).

(b) The investment in corporate and government bonds amounted to $308.1 million at June 30, 2016 (December 31, 2015: $308.2 million) of which $40.8 million was classified as short-term investments (December 31, 2015: $54.6 million) and $267.3 million as long-term investments (December 31, 2015: $253.6 million).

(c) The convertible notes accrue interest at a rate of 10% per year, compounded annually. Unless converted earlier, the notes are redeemable on demand at any date specified by the holder after the 24 month anniversary of the initial closing date.

In addition to the convertible notes obtained as consideration for the exit of the UK card-linked marketing business (*Note 5*), Aimia invested an amount of $5.0 million (US$4.0 million) in convertible notes of Cardlytics during the second quarter of 2016. At June 30, 2016, these convertible notes amounted to $5.3 million (US$4.0 million).

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8. EQUITY-ACCOUNTED INVESTMENTS

As at	June 30, 2016	December 31, 2015
Investment in PLM Premier, S.A.P.I. de C.V. [(a)]	81.4	85.0
Other equity-accounted investments in joint ventures [(b)]	23.0	25.6
Equity-accounted investments in associates	6.5	7.2
Total	**110.9**	117.8

(a) During the three and six months ended June 30, 2016, Aimia received distributions from PLM of $4.8 million (US$3.4 million) and of $9.3 million (US$6.8 million), respectively, compared to a distribution of $9.0 million (US$7.3 million) during the three and six months ended June 30, 2015.

(b) On January 9, 2015 and January 29, 2015, Aimia invested additional amounts totaling $1.0 million (US$0.8 million) in Prismah to fund certain costs associated with the wind-up of the joint arrangement, which was completed on March 7, 2015.

Share of net earnings (loss) of equity-accounted investments	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Investment in PLM Premier, S.A.P.I. de C.V.	5.5	3.2	10.5	6.8
Other equity-accounted investments in joint ventures	0.9	1.1	1.6	1.5
Equity-accounted investments in associates	—	(0.2)	(0.1)	(1.1)
Total	**6.4**	4.1	**12.0**	7.2

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9. REDEMPTION RESERVE

Aeroplan maintains the Aeroplan Miles redemption reserve (the "Reserve"), which, subject to compliance with the provisions of the Corporation's credit facilities, may be used to supplement cash flows generated from operations in order to pay for rewards during periods of unusually high redemption activity associated with Aeroplan Miles under the Aeroplan Program. In the event that the Reserve is accessed, Aeroplan has agreed to replenish it as soon as practicable, with available cash generated from operations. To date, Aimia has not used the funds held in the Reserve. At June 30, 2016, the Reserve amounted to $300.0 million and was included in short-term investments and long-term investments.

The amount held in the Reserve, as well as the types of securities in which it may be invested, are based on policies established by management, which are reviewed periodically. At June 30, 2016, the Reserve was invested in corporate, federal and provincial bonds. Management is of the opinion that the Reserve is sufficient to cover redemption costs, including redemption costs incurred in periods of unusually high redemption activity, as they become due, in the normal course of operations.

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10. DEFERRED REVENUE

A reconciliation of deferred revenue is as follows:

	Loyalty Units		Loyalty Services and Other		Total	
As at	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Opening balance	**3,247.4**	3,168.5	**45.0**	49.8	**3,292.4**	3,218.3
Loyalty Units issued – Gross Billings	**844.3**	1,832.7	**—**	—	**844.3**	1,832.7
Other – Gross Billings	**—**	—	**289.4**	636.3	**289.4**	636.3
Revenue recognized	**(803.8)**	(1,816.9)	**(291.7)**	(643.7)	**(1,095.5)**	(2,460.6)
Foreign currency and other adjustments	**(61.9)**	63.1	**(2.2)**	2.6	**(64.1)**	65.7
Ending balance	**3,226.0**	3,247.4	**40.5**	45.0	**3,266.5**	3,292.4
Represented by:						
Current portion [(a)]	**1,505.3**	1,552.7	**35.3**	44.8	**1,540.6**	1,597.5
Held for sale	**—**	—	**4.9**	—	**4.9**	—
Long-term	**1,720.7**	1,694.7	**0.3**	0.2	**1,721.0**	1,694.9

(a) The current portion is management's best estimate of the amount to be recognized in the next twelve months, based on historical trends.

MEASUREMENT UNCERTAINTY

Aimia may be required to provide rewards to members for unexpired Loyalty Units accounted for as Breakage on the Loyalty Units issued to date for which the revenue has been recognized or deferred and for which no liability has been recorded. The potential redemption cost for such Loyalty Units is estimated to be $875.4 million at June 30, 2016.

The potential redemption costs, noted above, have been calculated on the basis of the current average redemption cost, reflecting actual prices with Redemption Partners, including Air Canada, and the experienced mix of the various types of rewards that members have selected, based on past experience.

Management has calculated that the cumulative effect of a 1% change in Breakage in each individual program would have a consolidated impact on revenue and earnings before income taxes of $186.9 million for the period in which the change occurred, with $178.0 million relating to prior years and $8.9 million relating to the current six month period.

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11. PROVISIONS

ASSET PURCHASE AGREEMENT *(NOTE 4)*

	Card Migration Provision
Balance at December 31, 2014	**50.0**
Provision recorded during the year	—
Provision received (used) during the year	1.7
Provision reversed during the year	(45.7)
Balance at December 31, 2015	**6.0**
Provision recorded during the period	**—**
Provision received (used) during the period	**(0.6)**
Provision reversed during the period	**—**
Balance at June 30, 2016	**5.4**
Represented by:	
Current portion	**1.0**
Long-term portion	**4.4**

In relation to the asset purchase and migration agreements with TD and CIBC and the net migration of Aeroplan-branded credit card accounts between CIBC and TD, a provision totaling $50.0 million was recorded in general and administrative expenses during the fourth quarter of 2013.

During the second quarter of 2015, based on actual card migration data for the eighteen month period ending June 30, 2015 and management's estimate of migration patterns going forward, the Card Migration Provision was reduced by an amount of $45.7 million. The adjustment was recorded as a reduction to general and administrative expenses. Additionally, an amount of $1.7 million was received during the second quarter of 2015, representing the payment relating to the 2014 calendar year in accordance with the terms of the migration agreement. There was no change to the total provision during the third and fourth quarters of 2015.

During the first quarter of 2016, an amount of $0.6 million was paid by Aimia, representing the payment relating to the 2015 calendar year in accordance with the terms of the migration agreement.

At this time, the provision represents management's best estimate.

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12. CONTINGENT LIABILITIES

Aimia has agreed to indemnify its directors and officers, and the directors and officers of its subsidiaries, to the extent permitted under corporate law, against costs and damages incurred as a result of lawsuits or any other judicial, administrative or investigative proceeding in which said directors or officers are sued as a result of their services. The directors and officers are covered by directors' and officers' liability insurance.

In limited circumstances, Aimia may provide guarantees and/or indemnifications to third parties to support the performance obligations of its subsidiaries under commercial contracts. At June 30, 2016, Aimia's maximum exposure under such guarantees was estimated to amount to $92.0 million. No amount has been recorded in these financial statements with respect to the indemnification and guarantee agreements.

On July 2, 2009, Aimia was served with a motion for authorization to institute a class action and to obtain the status of representative in the Superior Court of Quebec. The motion was heard on May 9 and 10, 2011 and Aeroplan was added as a potential defendant. In a judgment dated March 6, 2012, the Superior Court of Quebec authorized the motion for the petitioner to bring a class action. That motion was the first procedural step before any class action could be instituted. A notice of the judgment authorizing the class action was published on April 6, 2013.

On October 1, 2013, the petitioner served and filed its class action proceeding seeking to nullify the changes made to the mileage expiry and accumulation rules of the Aeroplan Program announced on October 16, 2006, reimbursement of any amounts expended by Aeroplan members to reinstate their expired miles, $50 in compensatory damages and an undetermined amount in exemplary damages on behalf of each class member. The parties have agreed upon a timetable for procedural matters leading up to readiness for trial.

Management has filed a strong defence to this class action lawsuit and believes that it is more likely than not that its position will be sustained. Consequently, no liability has been recognized in these financial statements. If the ultimate resolution of this class action lawsuit differs from this assessment and assumptions, a material adjustment to the financial position and results of operations could result.

From time to time, Aimia becomes involved in various claims and litigation as part of its normal course of business. While the final outcome thereof cannot be predicted, based on the information currently available, management believes the resolution of current pending claims and litigation will not have a material impact on Aimia's financial position and results of operations.

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13. DIVIDENDS

Quarterly dividends declared to common shareholders of Aimia during the six months ended June 30, 2016 and 2015 were as follows:

	2016 [(a)]		2015 [(b)]	
	Amount	Per common share	Amount	Per common share
March	29.0	0.19	30.6	0.18
June	30.4	0.20	30.7	0.19
Total	**59.4**	**0.39**	61.3	0.37

(a) On May 12, 2016, the Board of Directors of Aimia approved an increase to the common share dividend from $0.19 to $0.20 per share per quarter.

(b) On May 14, 2015, the Board of Directors of Aimia approved an increase to the common share dividend from $0.18 to $0.19 per share per quarter.

Quarterly dividends declared to preferred shareholders of Aimia during the six months ended June 30, 2016 and 2015 were as follows:

	2016		2015	
	Amount	Per preferred share	Amount	Per preferred share
Series 1				
March	1.1	0.28125	2.8	0.40625
June	1.1	0.28125	1.1	0.28125
Total	**2.2**	**0.56250**	3.9	0.68750
Series 2				
March	0.8	0.264049	N/A	N/A
June	0.7	0.261811	0.8	0.263563
Total	**1.5**	**0.525860**	0.8	0.263563
Series 3				
March	2.3	0.390625	2.3	0.390625
June	2.4	0.390625	2.4	0.390625
Total	**4.7**	**0.781250**	4.7	0.781250

On August 11, 2016, the Board of Directors of Aimia declared quarterly dividends of $0.20 per common share, $0.28125 per Series 1 preferred share, $0.270281 per Series 2 preferred share (*Note 14*) and $0.390625 per Series 3 preferred share, in each case payable on September 30, 2016.

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14. CAPITAL STOCK

NORMAL COURSE ISSUER BID

On May 13, 2014, Aimia received approval from the Toronto Stock Exchange for the renewal of its NCIB to purchase up to 15,530,762 of its issued and outstanding common shares during the period from May 16, 2014 to no later than May 15, 2015.

From May 16, 2014 to December 31, 2014, Aimia repurchased 2,069,790 common shares for a total consideration of $29.8 million. Of this total, 1,964,790 common shares were paid and cancelled during the period representing $28.3 million, with the remainder being paid and cancelled during the first quarter of 2015. Share capital was reduced by $18.3 million and the remaining $11.5 million was accounted for as a reduction of contributed surplus.

From January 1, 2015 to May 15, 2015, Aimia repurchased and cancelled 8,788,952 common shares for a total cash consideration of $117.8 million. Share capital was reduced by $77.8 million and the remaining $40.0 million was accounted for as a reduction of contributed surplus.

On May 14, 2015, Aimia received approval from the Toronto Stock Exchange for the renewal of its NCIB to purchase up to 16,346,860 of its issued and outstanding common shares during the period from May 20, 2015 to no later than May 19, 2016.

From May 20, 2015 to December 31, 2015, Aimia repurchased 8,819,500 common shares for a total consideration of $105.5 million. Of this total, 8,538,100 common shares were paid and cancelled during the period representing $102.8 million, with the remainder being paid and cancelled during the first quarter of 2016. Share capital was reduced by $78.1 million and the remaining $27.4 million was accounted for as a reduction of contributed surplus.

From January 1, 2016 to February 4, 2016, Aimia repurchased 2,393,600 common shares (all of which were paid and cancelled during the first quarter of 2016) for a total consideration of $21.8 million. Share capital was reduced by $21.2 million and the remaining $0.6 million was accounted for as a reduction of contributed surplus.

On May 12, 2016, Aimia received approval from the Toronto Stock Exchange for the renewal of its NCIB to purchase up to 11,153,635 of its issued and outstanding common shares during the period from May 20, 2016 to no later than May 19, 2017.

There were no shares repurchased after February 4, 2016.

PREFERRED SHARES, SERIES 1 AND PREFERRED SHARES, SERIES 2

On February 27, 2015, Aimia announced that it would not be exercising its right to redeem all or part of the Series 1 Preferred Shares on March 31, 2015. As a result and subject to certain conditions, the holders of the Series 1 Preferred Shares had the right to convert all or part of their Series 1 Preferred Shares, on a one-for-one basis, into Series 2 Preferred Shares on March 31, 2015.

On March 31, 2015, the holders of 2,946,635 Series 1 Preferred Shares exercised their option to convert their Series 1 Preferred Shares into an equivalent number of Series 2 Preferred Shares. Holders of the Series 2 Preferred Shares

are entitled to receive quarterly floating rate, cumulative, preferential cash dividends, calculated on the basis of the actual number of days elapsed in such quarterly period divided by 365, as and when declared by the Board of Directors of Aimia, subject to the provisions of the Canada Business Corporations Act (the "CBCA"). The dividend rate for the floating rate period from and including June 30, 2016 to, but excluding September 30, 2016, will be 4.301%, being 3.75% over the 90-day Government of Canada Treasury Bill yield, as determined in accordance with the terms of the Series 2 Preferred Shares.

With respect to the remaining 3,953,365 Series 1 Preferred Shares outstanding after March 31, 2015, holders of the Series 1 Preferred Shares are entitled to receive quarterly fixed, cumulative, preferential cash dividends, as and when declared by the Board of Directors of Aimia, subject to the provisions of the CBCA. The dividend rate for the five-year period from and including March 31, 2015 to, but excluding March 31, 2020, will be 4.5%, being 3.75% over the five-year Government of Canada bond yield, as determined in accordance with the terms of the Series 1 Preferred Shares.

15. ACQUISITION OF NON-CONTROLLING INTEREST IN RMMEL

On March 20, 2016, Aimia acquired the remaining 40% of the issued shares of Rewards Management Middle East Free Zone LLC ("RMMEL"), the company that owns and operates the Air Miles Middle East program, for cash consideration of $8.3 million (US$6.4 million) which will be payable in three annual installments commencing February 2017. In addition, an amount is to be paid by Aimia or received from the seller on the basis of the financial performance of RMMEL for each of the next three years. The fair value of the contingent consideration payable (*Note 17*) on the acquisition date was estimated at $5.1 million (US$3.9 million). Furthermore, an amount of $22.0 million (US$16.9 million), representing the seller's share of surplus working capital in the business as of the date of the transaction's completion, was accrued on the acquisition date and was paid to the seller on April 5, 2016.

The carrying amount of the non-controlling interest in RMMEL on the date of acquisition was $11.8 million. As a result of the acquisition, the Corporation derecognized the non-controlling interest and recorded a decrease to retained earnings of $23.6 million.

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16. COMMITMENTS

A) OPERATING LEASE COMMITMENTS

The minimum lease payments under various non-cancellable operating leases, not yet incurred at the end of the reporting period, are as follows:

Year ending December 31,	
2016	9.4
2017 to 2020	58.7
Thereafter	63.6
Total	**131.7**

B) OPERATING COMMITMENTS AND OTHER

Operating expenditures contracted for at the end of the reporting period but not yet incurred are as follows:

Technology infrastructure and other	218.9
Marketing support and other	212.1

Under the terms of certain contractual obligations with a major Accumulation Partner, Aimia is required to maintain certain minimum working capital amounts in accordance with pre-established formulae. At June 30, 2016, Aimia complied with all such covenants.

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17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Hierarchy

Financial instruments recorded at fair value on the balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices observed in active markets for identical assets or liabilities.

Level 2 - valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - valuation techniques with significant unobservable market inputs.

A financial instrument is classified at the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

	Hierarchy	June 30, 2016	December 31, 2015
Financial assets			
Investments in equity instruments (*Note 7*)	Level 3	**92.3**	128.2
Investments in convertible notes (*Notes 5 & 7*)	Level 3	**17.0**	—
Contingent consideration receivable - UK card-linked marketing business (*Notes 5 & 7*)	Level 3	**11.7**	—
Financial liabilities			
Contingent consideration payable - Smart Button	Level 3	**2.0**	2.1
Contingent consideration payable - RMMEL (*Note 15*)	Level 3	**5.1**	—

The fair value of the investments in equity instruments is determined using a market approach including a valuation technique based on the transaction price of recent transactions carried out by other investors involving similar instruments and comparison of financial indicators for similar companies. The value determined is then adjusted for, as deemed necessary, changes in market conditions, the performance of the investee and the passage of time. This approach requires management to use judgement in identifying similar transactions, instruments and companies and to make estimates in determining the fair value of such instruments. Actual results could differ from such estimate.

During the three and six months ended June 30, 2016, on the basis of the valuation performed by management using financial indicators for similar companies, a fair value loss of $27.9 million was recorded in other comprehensive income for the investment in Cardlytics. No adjustment to the fair value of the investment in Cardlytics was recorded during the three and six months ended June 30, 2015.

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The fair value of the investment in Air Canada Class B shares was based on the quoted price of the publicly traded shares prior to their disposal during the second quarter of 2015. During the three and six months ended June 30, 2015, a fair value loss of $0.5 million and a fair value gain of $0.8 million, respectively, were recorded in other comprehensive income

The fair value of the investments in convertible notes was determined using an expected value model.

The fair value of the contingent consideration receivable related to the exit of the UK card-linked marketing business was determined on the basis of management's best estimate and could represent a maximum of US$9.0 million.

The fair value of the contingent consideration payable related to the Smart Button acquisition was determined on the basis of management's best estimate and could represent a maximum of US$5.0 million. During the second quarter of 2015, a fair value adjustment of $0.6 million was recorded in general and administrative expenses as a reduction to the contingent consideration. During the third quarter of 2015, an amount of $1.8 million (US$1.4 million), representing 50% of the estimated contingent consideration, was paid to the selling shareholders on the second anniversary of the acquisition, with the remainder being payable on the third anniversary of the acquisition. No adjustment to the fair value of the Smart Button contingent consideration was recorded during the three and six months ended June 30, 2016.

The fair value of the contingent consideration payable related to the acquisition of the non-controlling interest in RMMEL was determined on the basis of management's projected financial performance of the business in each of the next three years and represents management's best estimate. No adjustment to the fair value of the RMMEL contingent consideration was recorded during the three and six months ended June 30, 2016.

The carrying amounts reported in the balance sheet for cash and cash equivalents, restricted cash, short-term investments, accounts receivable and accounts payable and accrued liabilities approximate fair values based on the immediate or short-term maturities of these financial instruments.

The fair value of the borrowings is estimated as being the quoted market value for the publicly traded debt securities while the fair value of investments in corporate and government bonds is based on the quoted market price of the investments.

Aimia’s long-term investments in corporate and government bonds and long-term debt, which are measured at amortized cost, and the fair value thereof, are as set out in the following table.

		June 30, 2016		December 31, 2015	
	Hierarchy	Carrying	Fair Value	Carrying	Fair Value
Investments in corporate and government bonds (including current portion)	Level 1	308.1	316.5	308.2	316.8
Long-term debt (including current portion)	Level 1	647.7	659.4	647.3	673.6

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18. ADDITIONAL FINANCIAL INFORMATION

The following sections provide additional information regarding certain primary financial statement captions:

A) STATEMENTS OF FINANCIAL POSITION

DISPOSAL GROUP HELD FOR SALE

The assets and liabilities related to the Enhancement Services business (included within the Americas Coalitions segment) have been presented as held for sale.

At June 30, 2016, the disposal group was stated at its carrying amount as it is lower than its fair value less costs of disposal.

Assets held for sale	
Accounts receivable	1.4
Prepaid expenses	1.8
Accumulation partners' contracts and customer relationships	7.1
Goodwill	7.7
Total	**18.0**
Liabilities held for sale	
Accounts payable and accrued liabilities	3.1
Deferred revenue	4.9
Total	**8.0**

There are no cumulative income or expenses included in other comprehensive income relating to the disposal group.

The Enhancement Services business was sold on July 29, 2016 (*Note 19*).

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INTANGIBLE ASSETS

	June 30, 2016	December 31, 2015
Accumulation partners' contracts and customer relationships	**806.7**	881.8
Software and technology	**171.8**	181.1
Trade names	**400.7**	423.3
Other intangibles	**0.5**	0.6
Total	**1,379.7**	1,486.8

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Restructuring Liabilities

Over the past few years, Aimia has engaged in a series of restructuring programs related to integrating and aligning our businesses, exiting certain activities, outsourcing certain internal functions and engaging in other actions designed to reduce our cost structure and improve productivity. As a result of these initiatives, Aimia recorded various severance provisions. Management continues to evaluate our business and, therefore, in future years, there may be additional provisions for new plan initiatives, as well as changes in estimates to amounts previously recorded, as payments are made or actions are completed.

	Divisional structure	Other restructuring	Total
Balance at December 31, 2014	**—**	**3.5**	**3.5**
Liability recorded during the year	15.7	6.8	22.5
Payments made during the year	(4.5)	(8.7)	(13.2)
Foreign exchange translation adjustment	0.1	0.3	0.4
Balance at December 31, 2015	**11.3**	**1.9**	**13.2**
Liability recorded during the period	3.5	—	3.5
Payments made during the period	(11.8)	(0.8)	(12.6)
Foreign exchange translation adjustment	(0.4)	—	(0.4)
Balance at June 30, 2016	**2.6**	**1.1**	**3.7**

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Restructuring expenses (reversals) recorded during the three and six months ended June 30, 2016 and 2015 for each segment are presented below:

	Three Months Ended June 30, 2016			Three Months Ended June 30, 2015		
Segment	Divisional structure	Other restructuring	Total	Divisional structure	Other restructuring	Total
Americas Coalitions	0.8	(0.2)	0.6	—	2.5	2.5
International Coalitions	0.7	—	0.7	—	—	—
Global Loyalty Solutions	—	—	—	—	0.2	0.2
Corporate	0.1	—	0.1	—	—	—
Total	**1.6**	**(0.2)**	**1.4**	—	2.7	2.7

	Six Months Ended June 30, 2016			Six Months Ended June 30, 2015		
Segment	Divisional structure	Other restructuring	Total	Divisional structure	Other restructuring	Total
Americas Coalitions	2.0	—	2.0	—	4.1	4.1
International Coalitions	0.7	—	0.7	—	—	—
Global Loyalty Solutions	—	—	—	—	0.2	0.2
Corporate	0.8	—	0.8	—	—	—
Total	**3.5**	**—**	**3.5**	—	4.3	4.3

Restructuring expenses (net of reversals) are included in general and administrative expenses.

LONG-TERM DEBT

On April 11, 2016, Aimia concluded an amendment to its existing credit facility with its lending syndicate, extending the term of its revolving facility by one year to April 23, 2020.

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B) STATEMENTS OF CASH FLOWS

CHANGES IN OPERATING ASSETS AND LIABILITIES

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Restricted cash	**0.2**	2.2	**(1.5)**	4.7
Accounts receivable	**(5.2)**	(3.6)	**26.1**	26.1
Inventories	**0.2**	2.4	**6.5**	4.4
Prepaid expenses	**2.5**	12.8	**2.9**	11.6
Accounts payable and accrued liabilities	**19.9**	(28.4)	**(62.5)**	(57.8)
Customer deposits	**(27.5)**	(5.3)	**(13.7)**	3.8
Provisions	**—**	(44.0)	**(0.6)**	(44.0)
Pension and other long-term liabilities	**(1.0)**	6.7	**(4.5)**	3.0
Deferred revenue	**31.7**	65.6	**39.6**	(1.5)
Total	**20.8**	8.4	**(7.7)**	(49.7)

C) STATEMENTS OF COMPREHENSIVE INCOME

INCOME TAX EFFECTS

The defined benefit plans actuarial losses for the three and six months ended June 30, 2016 were net of deferred income tax recoveries of $0.6 million and $1.0 million, respectively, compared to deferred income tax recoveries of $0.1 million and $0.8 million for the three and six months ended June 30, 2015, respectively.

The changes in fair value of the Air Canada Class B shares (*Note 17*) for the three and six months ended June 30, 2015 were net of a deferred income tax recovery of $0.1 million and a deferred income tax expense of $0.1 million, respectively.

The accumulated gain relating to the Air Canada Class B shares (*Note 4*) which was reclassified to net earnings during the three and six months ended June 30, 2015 was net of a deferred income tax expense of $2.9 million.

There was no income tax effect related to the fair value adjustment recorded on the investment in Cardlytics (*Note 17*) during the three and six months ended June 30, 2016.

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D) STATEMENTS OF CHANGES IN EQUITY

ACCUMULATED OTHER COMPREHENSIVE INCOME

	Currency translation adjustments on foreign subsidiaries		Available-for-sale investments		Total	
As at	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Opening balance	**106.5**	33.0	**70.2**	67.5	**176.7**	100.5
Foreign currency translation adjustments	**(71.2)**	31.4	**(8.0)**	6.7	**(79.2)**	38.1
Change in fair value of available-for-sale investments, net of tax	**—**	—	**(27.9)**	0.7	**(27.9)**	0.7
Reclassification to net earnings of gain on sale of available-for-sale investments, net of tax	**—**	—	**—**	(18.6)	**—**	(18.6)
Ending balance	**35.3**	64.4	**34.3**	56.3	**69.6**	120.7

19. SUBSEQUENT EVENTS

On July 29, 2016, Aimia sold its Enhancement Services business for cash consideration of $15.4 million, subject to certain working capital adjustments.