CRITICAL CONTROL

Q3 2017

Condensed Consolidated Interim Financial Statements

Critical Control Energy Services Corp.

September 30, 2017

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management.

The Corporation's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements.

CRITICAL CONTROL

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at ($ thousands) - unaudited	Note	September 30, 2017	December 31, 2016
Assets			
Current assets			
Cash and cash equivalents		**579**	552
Accounts receivable		**6,534**	7,402
Inventory		**2,352**	2,838
Prepaid expenses		**288**	316
		9,753	11,108
Deposits		**81**	88
Tax credit recoverable		**566**	758
Deferred income taxes		**4,009**	3,433
Property and equipment		**3,159**	3,614
Intangible assets and goodwill		**19,266**	20,089
		36,834	39,090
Liabilities			
Current liabilities			
Bank indebtedness	4	**5,971**	6,100
Accounts payable and accrued liabilities		**2,919**	3,664
Deferred revenue		**694**	713
Provisions		**-**	191
Current portion of long-term debt	4	**476**	1,571
Current portion of deferred lease inducements		**12**	21
		10,072	12,260
Long-term debt	4	**2,498**	2,770
Deferred lease inducements		**44**	53
		12,614	15,083
Shareholders' Equity			
Common shares	5	**29,680**	31,888
Preferred shares and warrants	5	**4,036**	-
Contributed surplus	5	**1,645**	1,607
Accumulated other comprehensive income	5	**1,857**	1,824
Deficit		**(12,998)**	(11,312)
		24,220	24,007
		36,834	39,090

(See Notes to the Condensed Consolidated Interim Financial Statements)

CRITICAL CONTROL

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

($ thousands, except per share amounts) - unaudited	Note	Three months ended September 30, 2017	2016	Nine months ended September 30, 2017	2016
Revenue	7	**7,073**	7,638	**22,342**	24,428
Expenses					
Operating expense	8	**3,966**	4,478	**12,216**	14,653
General and administrative	8	**2,215**	2,370	**7,004**	7,853
Research and development		**375**	238	**1,060**	721
Foreign exchange	8	**654**	(124)	**1,202**	544
Depreciation and amortization		**725**	509	**2,176**	1,632
Loss (gain) on sale of asset		**-**	(3)	**4**	9
Other expenses	9	**62**	48	**55**	695
		(924)	122	**(1,375)**	(1,679)
Finance costs	8	**222**	283	**781**	910
Loss before income taxes		**(1,146)**	(161)	**(2,156)**	(2,589)
Income taxes (recovery)	2	**7**	(551)	**(551)**	(978)
Net loss before discontinued operations		**(1,153)**	390	**(1,605)**	(1,611)
(Loss) income from discontinued operations, net of tax		**-**	-	**-**	95
Net loss		**(1,153)**	390	**(1,605)**	(1,706)
Other comprehensive income (loss)					
Foreign currency translation adjustment, net of tax		**39**	12	**33**	12
		39	12	**33**	12
Total comprehensive income (loss)		**(1,114)**	402	**(1,572)**	(1,694)
Earnings per share					
Net earnings					
Basic / Diluted		**(0.02)**	0.01	**(0.03)**	(0.03)

(See Notes to the Condensed Consolidated Interim Financial Statements)

CRITICAL CONTROL

CONSOLIDED STATEMENTS OF CHANGES IN EQUITY

For the nine months ended September 30, 2017 and 2016

($ thousands) - unaudited	Common shares	Preferred shares and warrants	Contributed surplus	Accumulated other comprehensive income [1]	Deficit	Total equity
Balance at December 31, 2016	**31,888**	**-**	**1,607**	**1,824**	**(11,312)**	**24,007**
Comprehensive income (loss)	**-**	**-**	**-**	**33**	**(1,605)**	**(1,572)**
Preferred share issuance, net of costs	**-**	**1,674**	**-**	**-**	**-**	**1,674**
Warrants issuance	**-**	**90**	**-**	**-**	**-**	**90**
Common share converted to preferred shares	**(2,272)**	**2,272**	**-**	**-**	**-**	**-**
Preferred shares dividend payment	**-**	**-**	**-**	**-**	**(81)**	**(81)**
Employee share purchase plan proceeds	**-**	**-**	**16**	**-**	**-**	**16**
Shares issued from treasury under employee share purchase plan	**18**	**-**	**(18)**	-	-	**-**
Shares issued from treasury under deferred common shares	**46**	**-**	**(46)**	**-**	**-**	**-**
Share-based payments	**-**	**-**	**86**	**-**	**-**	**86**
Balance at September 30, 2017	**29,680**	**4,036**	**1,645**	**1,857**	**(12,998)**	**24,220**
Balance at December 31, 2015	31,720	-	1,632	1,866	(9,202)	26,016
Comprehensive income (loss)	-	-	-	12	(1,706)	(1,694)
Employee share purchase plan proceeds	-	-	7	-	-	7
Shares issued from treasury under employee share purchase plan	83	-	(83)	-	-	**-**
Shares issued from treasury under deferred common shares	59	-	(59)	-	-	-
Share-based payments	-	-	101	-	-	101
Balance at September 30, 2016	31,862	-	1,598	1,878	(10,908)	24,430

[1] Accumulated other comprehensive income (loss) consists of foreign currency translation adjustment, net of tax.
All amounts will be reclassified to profit or loss when specific conditions are met.

(See Notes to the Condensed Consolidated Interim Financial Statements)

CRITICAL CONTROL

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine months ended September 30,

($ thousands) - unaudited	Note	2017	2016
Cash provided by (used in)			
Operating activities			
Net loss		**(1,605)**	(1,706)
Adjustments for:			
Depreciation and amortization		**2,176**	1,632
Loss (gain) on sale of asset		**4**	9
Foreign exchange	8	**1,202**	544
Finance costs	8	**781**	910
Income taxes (recovery)		**(551)**	(978)
Other		**86**	116
Income taxes - paid		**(18)**	(11)
Income taxes - recovery		**-**	124
Interest - paid		**(392)**	(544)
Funds provided by (used in) operations		**1,683**	96
Change in non-cash working capital		**206**	2,388
		1,889	2,484
Investing activities			
Acquisition of business, net assets	3	**-**	(54)
Purchase of property and equipment		**(617)**	(234)
Purchase of software		**(18)**	(211)
Proceeds on sale of property and equipment		**7**	18
Additions to product development costs		**(1,224)**	(727)
		(1,852)	(1,208)
Financing activities			
Proceeds from employee share purchase plan		**16**	7
Proceeds from preferred share issuance, net of issuance costs		**1,765**	-
Proceeds from bank indebtedness		**5,655**	26,819
Repayment of bank indebtedness		**(6,047)**	(28,430)
Proceeds from long-term debt		**-**	3,000
Repayment of long-term debt		**(1,356)**	(3,206)
Preferred share dividends paid		**(81)**	-
		(48)	(1,810)
Cash flow from discontinued operations	4	**-**	95
Effect of translation of foreign currency cash		**38**	51
Net (decrease) increase in cash		**27**	(388)
Cash and cash equivalents, beginning of period		**552**	815
Cash and cash equivalents, end of period		**579**	427

(See Notes to the Condensed Consolidated Interim Financial Statements)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. STRUCTURE OF CORPORATION

Organization

Critical Control Energy Services Corp. (the "Corporation" or "Critical Control") is incorporated in Alberta and domiciled in Canada. The registered address of the Corporation is 1400, 350 – 7 Avenue SW, Calgary, Alberta T2P 3N9. Critical Control is a publicly-traded company listed on the Toronto Stock Exchange ("TSX") under symbol "CCZ".

These condensed consolidated financial statements of the Corporation as at and for the three and nine months ended September 30, 2017, are available upon request from the Corporation's head office at Suite 800, 140 – 10th Avenue SE, Calgary, Alberta, Canada T2G 0R1, at www.criticalcontrol.com or at www.sedar.com.

Operations

Critical Control provides solutions for the collection, control, and analysis of measurement and operational data related to the oil and gas wells across North America. We provide services to capture data, cloud-based software to visualize and manage it, and business intelligence to make quicker and more informed operational decisions.

In assessing performance of the segments and the allocation of resources to the segments, executive management evaluates gross margin, operating income, and earnings (loss) before tax directly attributable to each segment. All of the Corporation's identifiable assets are located in Canada and the United States.

The reportable segments are managed separately because of the unique characteristics and requirements of each business.

The Software business provides the following services to its upstream and midstream oil and gas clients:

- ***Measurement Data Management***: Gas chart integration and reporting; web-based monitoring and control of electronic devices at the well site; and cost-efficient data validation.
- ***Regulatory Compliance and Risk Management***: Integrated pipeline and asset profiles management; intelligent fluid analysis management; and streamlined, auditable meter calibration.
- ***Production and Financial Accounting***: Production accounting; financial and joint interest accounting; capital projects management; land and contracts management; production asset management; and facility processing contract management.

The Services business provides the following services to its upstream and midstream oil and gas clients:

- ***Gas Measurement Field Services***: inclusive of natural gas meter installation, calibration, and monitoring.
- ***Gas and Liquid Laboratory Services***: gas composition management services including gas sample analysis and data management tools.
- ***Certification and Proving***: calibration and certification of measurement meters and gas measurement equipment.
- ***Distribution of Measurement Equipment****: s*ale of gas measurement related equipment.
- ***Fabrication***: assembly and sale of gas measurement related equipment.

2. BASIS OF PREPARATION

Statement of compliance:

These condensed consolidated interim financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) applicable to the preparation of interim financial statements. These condensed consolidated interim financial statements were prepared using International Accounting Standard (IAS) 34 - Interim Financial Reporting as at and for the three and nine months ended September 30, 2017. These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors as of November 9, 2017.

These condensed consolidated interim financial statements were prepared by management and follow the same accounting policies and methods as the audited consolidated financial statements as at and for the year-ended December 31, 2016, as described in Note 27 of those audited financial statements. These condensed consolidated interim financial statements do not contain all of the disclosures required for the annual consolidated financial statements. As a result, these condensed consolidated interim financial statements should be read in conjunction with the Corporation's previous annual consolidated financial statements for the year-ended December 31, 2016, prepared in accordance with IFRS as issued by the IASB.

Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis.

Functional and presentation currency:

The consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in dollars has been rounded to the nearest thousand except for share and per share amounts.

Use of estimates and judgments:

The preparation of the condensed consolidated interim financial statements requires management to make judgments and estimates that affect the reported amounts of assets, liabilities, income, and expenses. Judgments and estimates are continually evaluated and are based on historical experience and expectations of future events. While judgments and estimates used by Critical Control are believed to be reasonable under current circumstances, actual results could differ. The Corporation has applied significant judgments on a basis consistent with the prior year.

In the three months ended September 30, 2017 the Corporation did not recognize deferred tax assets estimated to be $0.6 million relating to non-capital tax losses of $0.7 million and deductible temporary differences of $1.0 million, between the carrying amount of certain assets in the statement of financial position and their tax base, as it is uncertain whether future taxable profit will be available against which the Corporation can use the benefits therefrom.

3. ACQUISITIONS

The acquisitions and business combinations have been accounted for using the acquisition method under IFRS 3, and the results of operations have been included in the consolidated statements of operations and comprehensive income (loss) from the date of acquisition.

Acquisition of ScadaView

Effective February 10, 2016, the Corporation acquired, through its subsidiary, Critical Control Energy Services Inc., certain assets of ScadaView Data (Canada) Corp. of Calgary, Alberta related to field data capture. The purchase price was $0.1 million, of which 20% was paid in February 2016 with the remainder paid in November 2016. The net assets were allocated to the Software operating segment. Revenue and earnings before income taxes generated from the acquisition are minimal. The pro-forma revenue and earnings before income taxes are minimal.

External legal fees and due diligence costs in relation to the acquisition were minimal. These costs have been included in other expenses in the 2016 consolidated statement of operations and comprehensive income (loss).

4. BANK INDEBTEDNESS AND LONG-TERM DEBT

As at ($ thousands)	Note	September 30, 2017	December 31, 2016
Secured bank term loan (CAD $3.0 million)	b	**2,969**	3,000
Secured bank term loan (USD)	c	**-**	1,275
Secured finance contracts		**5**	66
		2,974	4,341
Current portion		**476**	1,571
Long-term portion		**2,498**	2,770

On July 12, 2017, the Corporation executed an amendment to the credit facility agreement with its lender. Significant details of the facility are summarized below.

(a) A revolving demand operating credit up to $8.5 million to support working capital requirements in Canada and the US. The operating line bearing interest rate is prime plus 1.25%.

(b) On May 9, 2016, a previous demand term loan was repaid and replaced with a $3.0 million committed term loan. This committed term loan matures on April 30, 2019. The Corporation shall make interest only payments until September 2017. Beginning in September 2017, the Corporation shall start making monthly principal payments, based on a five year amortization period. The loan bearing interest rate is prime plus 1.75% per year.

(c) A committed term loan of US$0.8 million to fund repayment of the Corporation's previous bank term loan and unsecured promissory note. This committed term loan was repaid July 31, 2017.

The credit facility is secured by the following:

- A general security agreement creating a first-priority security interest in all present and future undertaking and personal property of the Corporation;
- Upstream guarantees from all material subsidiaries of the Corporation, secured by general security agreements and UCC filings as considered appropriate; and
- A guarantee from Export Development Canada (EDC) with respect to the $3.0 million committed term loan.

The credit facility agreement requires adherence to certain financial covenants, including a Debt to Capitalization ratio not to exceed 0.38 to 1.00 and an Adjusted Debt Service ratio to exceed 1.10 to 1.00. As at September 30, 2017, the Corporation is in compliance with its financial covenants.

5. SHARE CAPITAL

(a) Common shares

Common shares ($ thousands)	2017 #	 $	2016 #	 $
Outstanding, beginning of period	**58,459,856**	**31,888**	58,055,503	31,720
Converted common shares	**(14,728,860)**	**(2,272)**	-	-
Shares issued under Employee Share Purchase Plan	**87,896**	**18**	255,217	83
Share-based compensation	**200,000**	**46**	125,000	59
Outstanding, end of period	**44,018,892**	**29,680**	58,435,720	31,862

At September 30, 2017, the Corporation was authorized to issue an unlimited number of common shares without par value. The holders of common shares are entitled to one vote per share and all shares rank equally with regard to the Corporation's residual assets.

(b) Preferred shares and warrants

Preferred shares	2017	
	#	$
Outstanding, beginning of period	-	-
Converted common shares	**1,136,245**	**2,272**
Private placement with warrants	**1,013,000**	**1,674**
Outstanding, end of period	**2,149,245**	**3,946**

In July 2017, the Corporation issued 1,013,000 series A preferred shares ("preferred shares") in exchange for proceeds of $2.0 million and converted 14,728,860 common shares for 1,136,245 preferred shares pursuant to the plan of arrangement approved by shareholders on June 29, 2017. The total cost of issuing the preferred shares was $0.2 million.

The 2,149,245 preferred shares will be entitled to receive a cumulative quarterly fixed dividend for the five-year period following their issuance at an annual rate of 8.00%, payable on the last day of March, June, September, and December, as and when declared by the board of directors of the Corporation. The first of such dividends was paid September 30, 2017.

After five years, the annual dividend rate will be adjusted to a rate equal to the sum of then five-year Government of Canada bond yield plus 5.00%, provided that, in any event, such rate will not be less than 8.00% per annum.

At any time after the five-year anniversary of their issuance, all or a portion of the preferred shares may be redeemed by the Corporation for an amount equal to the sum of the deemed purchase price for the preferred shares plus any declared, accrued, and unpaid dividends.

With the issuance of the preferred shares the Corporation issued 1,013,000 warrants which entitles the subscriber to purchase one common share of the Corporation at a purchase price of $0.20 per warrant before June 30, 2019.

(c) Contributed surplus

The contributed surplus reserve comprises all share-based payment transactions that do not involve the issuance of shares, private placement proceeds allocated to unexercised share purchase warrants, and Employee Share Purchase Plan proceeds for unissued common shares.

(d) Accumulated other comprehensive income (AOCI)

AOCI is comprised of the cumulative translation account, which includes all foreign currency differences arising from the translation of the financial statements of foreign operations.

6. EARNINGS PER SHARE

Basic earnings per share for the three and nine months ended September 30, 2017 and 2016 is based on the net earnings attributable to shareholders, as reported in the consolidated statements of operations and comprehensive income (loss) less preferred share dividends declared in the period and the weighted average number of common shares outstanding in the period.

Diluted earnings per share for the three and nine months ended September 30, 2017 and 2016 is based on the net earnings attributable to shareholders as reported in the consolidated statements of operations and comprehensive income (loss) less preferred share dividends declared in the period and basic weighted average number of common shares outstanding in the period:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Weighted average of common shares				
Basic	**44,956,954**	58,284,896	**56,550,419**	58,146,880
Diluted	**44,956,954**	58,284,896	**56,550,419**	58,146,880

The average market value of the Corporation's shares for purposes of calculating the dilutive effect of deferred common shares was based on quoted market prices for the period during which the deferred common shares were outstanding. The following potential common shares were excluded from the weighted average number of common shares outstanding (diluted) for 2017 because they were antidilutive:

- 1,676,635 deferred common shares; and
- 298,501 shares reserved under the Employee Share Purchase Plan.

7. REVENUE

	Three months ended September 30,		Nine months ended September 30,	
($ thousands)	**2017**	2016	**2017**	2016
Recurring	**5,730**	6,302	**18,262**	20,039
Non-recurring	**1,343**	1,336	**4,080**	4,389
	7,073	7,638	**22,342**	24,428

Recurring revenue refers to Software and Services that are provided to the client which is reasonably expected to be continually provided on a periodic basis. This would include subscription revenue and production related services.

Non-recurring revenue refers to Software and Services that are provided to the client which are viewed as one-time in nature. This would include implementation revenue and fabrication projects.

8. EXPENSES BY NATURE

The Corporation presents certain expenses in the consolidated statements of operations and comprehensive income (loss) by function. The following table presents those expenses by nature:

	Three months ended September 30,		Nine months ended September 30,	
($ thousands)	**2017**	2016	**2017**	2016
Expenses				
Salaries, subcontractors, and benefits	**3,558**	4,159	**11,351**	14,235
Material and supplies	**1,022**	916	**2,881**	2,882
External services and facilities	**1,585**	1,731	**4,902**	5,273
Share-based payment	**16**	42	**86**	116
	6,181	6,848	**19,220**	22,506
Allocated to:				
Operating expense	**3,966**	4,478	**12,216**	14,653
General and administrative	**2,215**	2,370	**7,004**	7,853
	6,181	6,848	**19,220**	22,506
Foreign exchange				
Foreign exchange - realized	**(61)**	9	**(79)**	-
Foreign exchange - unrealized	**715**	(133)	**1,281**	544
	654	(124)	**1,202**	544
Finance costs				
Bank related charges	**74**	124	**296**	359
Interest on bank indebtedness	**63**	38	**194**	173
Interest on long-term debt	**85**	114	**291**	358
Deferred financing costs on long-term debt	**-**	7	**-**	20
	222	283	**781**	910

9. OTHER EXPENSES

	Three months ended September 30,		Nine months ended September 30,	
($ thousands)	**2017**	2016	**2017**	2016
Acquisition related charges	**-**	-	**-**	25
Provision of onerous lease	**-**	-	**-**	(76)
Termination benefits	**62**	16	**72**	270
Other non-recurring expenses	**-**	32	**(17)**	476
	62	48	**55**	695

10. SEGMENTED INFORMATION

The following presents the results of Critical Control's operating segments:

Three months ended September 30, ($ thousands)	**Software 2017**	Software 2016	**Services 2017**	Services 2016	**Corporate 2017**	Corporate 2016	**Total 2017**	Total 2016
Revenue								
Recurring	**3,672**	3,783	**2,058**	2,519	**-**	-	**5,730**	6,302
Non-recurring	**360**	308	**983**	1,028	**-**	-	**1,343**	1,336
	4,032	4,091	**3,041**	3,547	**-**	-	**7,073**	7,638
Expenses								
Operating expense	**1,489**	1,775	**2,477**	2,703	**-**	-	**3,966**	4,478
Research and development	**375**	238	**-**	-	**-**	-	**375**	238
Depreciation and amortization	**551**	321	**174**	188	**-**	-	**725**	509
Loss on sale of asset	**-**	(3)	**-**	-	**-**	-	**-**	(3)
	2,415	2,331	**2,651**	2,891	**-**	-	**5,066**	5,222
	1,617	1,760	**390**	656	**-**	-	**2,007**	2,416
General and administrative	**-**	-	**-**	-	**2,215**	2,370	**2,215**	2,370
Foreign exchange	**-**	-	**-**	-	**654**	(124)	**654**	(124)
Other expenses	**-**	-	**-**	-	**62**	48	**62**	48
Finance costs	**-**	-	**-**	-	**222**	283	**222**	283
Income taxes	**-**	-	**-**	-	**7**	(551)	**7**	(551)
Discontinued operations	**-**	-	**-**	-	**-**	-	**-**	-
Net income (loss)	**1,617**	1,760	**390**	656	**(3,160)**	(2,026)	**(1,153)**	390
Purchase of property, equipment, and intangible assets	**966**	333	**-**	-	**-**	-	**966**	333

Nine months ended September 30, ($ thousands)	**Software 2017**	Software 2016	**Services 2017**	Services 2016	**Corporate 2017**	Corporate 2016	**Total 2017**	Total 2016
Revenue								
Recurring	**11,323**	11,961	**6,939**	8,078	**-**	-	**18,262**	20,039
Non-recurring	**1,181**	922	**2,899**	3,467	**-**	-	**4,080**	4,389
	12,504	12,883	**9,838**	11,545	**-**	-	**22,342**	24,428
Expenses								
Operating expense	**4,733**	5,816	**7,483**	8,837	**-**	-	**12,216**	14,653
Research and development	**1,060**	721	**-**	-	**-**	-	**1,060**	721
Depreciation and amortization	**1,628**	1,060	**548**	572	**-**	-	**2,176**	1,632
Loss on sale of asset	**4**	9	**-**	-	**-**	-	**4**	9
	7,425	7,606	**8,031**	9,409	**-**	-	**15,456**	17,015
	5,079	5,277	**1,807**	2,136	**-**	-	**6,886**	7,413
General and administrative	**-**	-	**-**	-	**7,004**	7,853	**7,004**	7,853
Foreign exchange	**-**	-	**-**	-	**1,202**	544	**1,202**	544
Other expenses	**-**	-	**-**	-	**55**	695	**55**	695
Finance costs	**-**	-	**-**	-	**781**	910	**781**	910
Income taxes	**-**	-	**-**	-	**(551)**	(978)	**(551)**	(978)
Discontinued operations	**-**	-	**-**	-	**-**	95	**-**	(95)
Net income (loss)	**5,079**	5,277	**1,807**	2,136	**(8,491)**	(9,119)	**(1,605)**	(1,516)
Purchase of property, equipment, and intangible assets	**1,859**	1,159	**-**	13	**-**	-	**1,859**	1,172

11. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards and amendments to existing standards have been issued by the International Accounting Standards Board (IASB) that are effective after December 31, 2017, and, therefore, have not been applied to the consolidated financial statements. These new standards and amendments and their anticipated impact on Critical Control's consolidated financial statements once they are adopted are as follows:

IFRS 9 - Financial Instruments: IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models for debt instruments in IAS 39 – Financial Instruments – Recognition and Measurement (IAS 39) with a new measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and related dividends which will now limit recognition to fair value through profit or loss or at fair value through other comprehensive income.

Requirements for financial liabilities were also added in October 2010 but they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

The standard is required to be applied for years beginning on, or after, January 1, 2018. The Corporation does not expect the change to have a material impact on the consolidated financial statements.

IFRS 15 – Revenue from Contracts with Customers: IFRS 15 replaces the previous guidance on revenue recognition and provides a framework to record revenue from contracts for the sale of goods or services, unless the contracts are in the scope of IAS 17 – Leases or other IFRS standards. IFRS 15 also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. IFRS 15 supersedes IAS 18, Revenue, IAS 11, Construction Contracts and a number of revenue-related interpretations.

The new standard is effective for annual periods beginning on or after January 1, 2018, using either a full retrospective approach for all periods presented in the period or a modified retrospective approach. The Corporation is currently evaluating the impact of the new standard and developing a transition plan to implement IFRS 15, but expects there to be minimal impact on the consolidated financial statements. Additionally, the Corporation continues to monitor international developments of the standard as it applies to the evaluation component of its impact.

IFRS 16 – Leases: IFRS 16 replaces the previous guidance on lease recognition and establishes principles for recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting, however, will remain largely unchanged.

The amendments are effective for annual periods beginning on or after January 1, 2019, with early application permitted if IFRS 15 – Revenue from Contracts with Customers, has also been applied. The Corporation is currently assessing the impact of the amendment on its consolidated financial statements.

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to the financial statement presentation adopted in the current period.