THIRD QUARTER FINANCIAL REPORT

FOR THE PERIOD ENDED DECEMBER 31, 2011

CBC Radio-Canada

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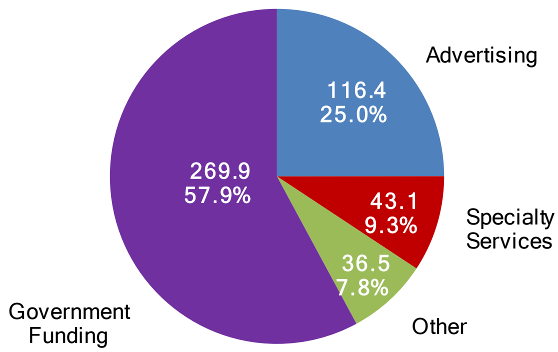
Summary

Revenues and Sources of Funds for the Third Quarter Ended December 31, 2011
(in millions of dollars)



Message from the President and CEO

The third quarter was highlighted by the continuing implementation of our five-year strategic plan, Strategy 2015: *Everyone, Every way/Partout, Pour tous* ("Strategy 2015"). As part of our commitment to increased accountability and transparency, we also released our first report card, which provides benchmarks for measuring our progress in achieving plan objectives.

We also released a new study by Nordicity Group Ltd. as part of our ongoing efforts to inform debate about the role and responsibilities of the public broadcaster. The study reaffirms our operating model by concluding that advertising does not detract from the public broadcaster's mandate and is consistent with good public policy.

November 2 marked CBC/Radio-Canada's 75th anniversary. Over the previous 75 days, we had invited Canadians to join us in celebrating their public broadcaster's rich legacy and bright future through a wide range of special programming and events across the country.

Hubert T. Lacroix

Strategy Highlights for the Quarter

- True to the commitments that we made in Strategy 2015 to strengthen our presence in the regions, last October CBC launched (i) its new afternoon radio program, *Radio West*, serving the British Columbia interior, (ii) enhanced programming to better serve the needs of Vancouver Island audiences and (iii) a new weekend television and expanded weekend radio and online offering in Toronto. In November, Radio-Canada launched two sites, Rive-Nord and Rive-Sud, devoted to Montreal's north and south shores.
- In Strategy 2015, we committed to offering increased amounts of innovative and entertaining Canadian programming on our national television networks, and audiences are responding. This year's fall programming launch was highly successful across both English and French Services.

Third Quarter Financial Highlights

Net Results

	Three months ended December 31				Nine months ended December 31			
(in thousands of dollars)	**2011**	**2010**	**$ change**	**% change**	**2011**	**2010**	**$ change**	**% change**
Revenue	195,967	195,938	29	0.0	504,188	485,396	18,792	3.9
Expenses	(467,541)	(475,881)	8,340	1.8	(1,328,738)	(1,300,615)	(28,123)	(2.2)
Government funding	269,855	284,159	(14,304)	(5.0)	838,745	854,145	(15,400)	(1.8)
Net results before non-operating items	**(1,719)**	**4,216**	**(5,935)**	**(140.8)**	**14,195**	**38,926**	**(24,731)**	**(63.5)**
Non-operating items	9,563	88	9,475	N/M	38,988	(416)	39,404	N/M
Net results for the period	**7,844**	**4,304**	**3,540**	**82.2**	**53,183**	**38,510**	**14,673**	**38.1**

N/M=Not meaningful

Overview of Third Quarter Net Results

Net results for the quarter amounted to $7.8 million, an increase of $3.5 million over the third quarter of the previous fiscal year. This movement reflects the following changes in revenue, funding and expenses:

- Revenue for the third quarter remained stable compared to the same period in 2010-2011. Increases in advertising revenue were partially offset by a general softening of the market for conventional television.
- Expenses in the quarter were consistent with the prior year. The decrease of $8.3 million (1.8%) mostly reflects a non-recurring item, the recognition last year of previously unrecognized losses on the Corporation’s investment in Sirius Class A shares.
- In the third quarter, government funding recognized for accounting purposes was $14.3 million (5.0%) lower compared to the third quarter of last year, reflecting the matching of funding to quarterly budgeted costs. Government appropriations for the 2011-2012 fiscal year are expected to be $2.8 million lower than the previous year due to a budget reduction in 2011-2012 related to cost-containment measures announced in the 2007 federal budget.
- Non-operating items yielded a gain of $9.6 million in the third quarter of 2011-2012 mostly related to the proceeds generated from the sale of the Brossard AM transmitter site in October 2011.

Total Comprehensive Income

	Three months ended December 31				Nine months ended December 31			
(in thousands of dollars)	**2011**	**2010**	**$ change**	**% change**	**2011**	**2010**	**$ change**	**% change**
Net results for the period	**7,844**	**4,304**	**3,540**	**82.2**	**53,183**	**38,510**	**14,673**	**38.1**
Other comprehensive income (loss)	34,697	194,983	(160,286)	(82.2)	(104,119)	274,977	(379,096)	(137.9)
Total comprehensive income (loss) for the period	**42,541**	**199,287**	**(156,746)**	**(78.7)**	**(50,936)**	**313,487**	**(364,423)**	**(116.2)**

Other comprehensive income of $34.7 million was primarily comprised of non-cash actuarial gains on CBC/Radio-Canada's defined benefit pension plan. The pension plan's actuarial gains and losses are immediately recognized in other comprehensive income, leading to significant quarterly fluctuations.

Other Financial Matters

- CBC/Radio-Canada is among 67 organizations participating in the government-wide Deficit Reduction Action Plan (DRAP). The Corporation was asked to prepare two proposals, one for a five per cent reduction and the other for a ten per cent reduction in operating appropriations, over three years. The results of this review are expected in March 2012 as part of the Federal Budget 2012.
- While CBC/Radio-Canada is currently on track to meet its overall advertising revenue targets for the year, the Corporation is closely monitoring its results and forecasts in light of the current economic uncertainty which started in the second quarter and is continuing.

Management Discussion and Analysis

Quarterly Reporting Requirement

As well as being required to file an annual report, most federal Crown corporations in Canada are required to file quarterly financial reports for the first three quarters of the fiscal year. This requirement supports effective oversight of public funds. Consistent with our efforts to be transparent, CBC/Radio-Canada is pleased to present this third quarter report for the period ended December 31, 2011. This report can be accessed on the CBC/Radio-Canada corporate website.

These condensed consolidated financial statements for the quarter ended December 31, 2011, have not been reviewed by our Auditor.

International Financial Reporting Standards

As of April 1, 2011, publicly accountable enterprises in Canada must report financial results according to International Financial Reporting Standards (IFRS). This report uses IFRS and presents complete comparative figures.

Seasonality

The majority of the Corporation's source of funds comes from advertising revenue, which follows seasonal patterns. Advertising revenue will vary according to market and general economic conditions, and the programming schedule. Subscriber-based revenue is relatively more stable on a quarter-by-quarter basis. Operating expenses also tend to follow a seasonal pattern as they are influenced by the programming schedule.

Government appropriations are recognized in income based on the annual budget, which reflects seasonal impacts on expenditures and self-generated revenue.

Note Regarding Forward-Looking Statements

This report contains forward-looking statements regarding objectives, strategies, and expected financial and operational results. Forward-looking statements are based on the following broad assumptions: CBC/Radio-Canada continues to receive stable government funding, the television advertising market remains healthy, and the broadcasting regulatory environment does not change dramatically. Key risks and uncertainties are described in the Outlook and Risk Update section of this report. However, some risks and uncertainties are difficult to predict and beyond the control of CBC/Radio-Canada. These include, but are not limited to, economic, financial, technical and regulatory conditions. These and other factors may cause actual results to differ substantially from the expectations stated or implied in forward-looking statements.

1. Strategy 2015 Updates and Corporate Highlights

1.1 Strategy 2015 Updates

- In October, CBC/Radio-Canada's Technology Strategy Board's Technology Forum 2011: Getting to 2015 included presentations by in-house and industry experts on major technology projects and developments that will help the Corporation deliver on Strategy 2015. Topics included new remote production tools, connected television, smartphones, file-based workflow and transfer of media content, cloud computing, 21st century radio, DTV transition issues, emerging technologies and consumer trends, and social media.
- In November, Radio-Canada launched two sites, Rive-Nord and Rive-Sud, devoted to Montreal's north and south shores. Residents in those areas are now logging on to get up to speed, discuss the latest news and react to the events shaping their daily lives.
- A new internal initiative, *2015: Making It Happen,* was launched in November. This initiative is looking at how the Corporation operates and how, in light of Strategy 2015, changes in the media landscape, and the potential consequences of the government's Deficit Reduction Action Plan (DRAP), CBC/Radio-Canada can best organize itself to deliver on its mandate to Canadians.
- On November 1, 2011, an application was submitted to the CRTC for a licence to operate a new French-language specialty channel called TRÉSOR, which will offer distinctive programming that draws on TV treasures from our archives as well as Canada's wider television heritage.
- As part of CBC/Radio-Canada's plan to introduce or improve local services to underserved or unserved Canadians over the next five years, a new CBC local radio morning show and expanded online services will be introduced for the Saskatoon area, within 12-18 months.
- The construction of a centralized multimedia production centre for the eastern region of Quebec is well underway, and installation of technical equipment is about to begin. The production centre, located in Rimouski, will be operational at the end of August 2012.

1.2 Corporate Highlights

75th Anniversary

On November 2, 2011, the Corporation celebrated its 75th anniversary, marking the culmination of 75 days of special events and programming on multiple platforms. Highlights included:

- In November, to mark the Corporation's 75th anniversary, CBC/Radio-Canada organized a conference on the theme "The Role and Future of Public Broadcasting in the Digital Age" in partnership with the Canadian chapter of the International Institute of Communications (IIC) and in conjunction with the IIC Canada annual conference.
- Presenters at the IIC Canada annual conference included Caroline Thomson, Chief Operating Officer, British Broadcasting Corporation, Ryan Victor, Senior Vice President, Business and Legal Affairs, NBC Universal Television Distribution (NBCU TVD), Mark Scott, Managing Director, Australian Broadcasting Corporation and Shan Chandrasekar, President and CEO, Asian Television Network International.
- Culture Days 2011 was celebrated this fall by hosting open houses and other public events across the country. CBC partnered with Culture Days as the national broadcast partner for its inaugural season in 2010 and was back again this year. Radio-Canada has been a long-time supporter of Journées de la Culture, the Quebec-based public arts celebration, now in its fifteenth year, that inspired Culture Days. Our involvement in this celebration of arts and culture is aligned with our five-year strategic plan. *Everyone, Every Way* is very much about strengthening our regional presence and our role in community spaces.

  Public and programming events included the following:

  - CBC hosted *CBC Live!,* the national kickoff event for Culture Days, from Vancouver at the end of September, featuring a full day of live appearances, and network and local broadcasts of some of CBC's most popular radio and television programs.
  - Many CBC/Radio-Canada programs across all platforms presented culture-themed programming for the entire week leading up to Culture Days celebrations.
  - During the first weekend in October, 32 of our facilities across the country (including Victoria, Whitehorse, Prince George, Regina, Sudbury, Rouyn-Noranda, Sherbrooke, Matane, Moncton, Halifax and St. John's) opened their doors to give tens of thousands of Canadians a glimpse from the other side of the camera, and from behind the scenes on the sets of their favourite programs.

Programming Highlights

French Services highlights

Despite strong competition, Radio-Canada maintained its competitive position on all platforms and continued to score major successes in terms of viewership. On television, the variety show *Les Enfants de la télé* reached nearly 40 per cent of market share on Wednesday evenings[1].

The holiday season on Radio-Canada hit a new high note with outstanding special programming on every platform. Here are a few examples:

- On Première chaîne, *À vos disques et vinyles* introduced us to some of the hidden treasures found in Radio-Canada's record libraries across the country.
- The cross-platform event *Fred Pellerin et l'OSM* set a record for the number of views on TOU.TV and received the highest ratings of any Montreal Symphonic Orchestra concert program aired on television in recent years.
- On December 31, 89 per cent of all French-speaking TV viewers tuned in to watch the 2011 edition of *Bye Bye*, Radio-Canada's longstanding year-end satirical review.
- Equally remarkable, the cross-platform program *Studio 12*, which aired afterwards at midnight, drew a million TV viewers.

BBM's Fall 2011 sweeps showed gains in a number of regions, particularly for weekend newscasts. The Quebec City 6 p.m. newscast consolidated its gains, having climbed two market share points from last year's results.

English and French Services joint projects

Love, Hate & Propaganda: The Cold War/Amour, haine et propagande, *Au temps de la guerre froide*, a sequel to the popular documentary series premiered on CBC's Doc Zone, Radio-Canada and RDI. The new four-part documentary hosted by either Catherine Mercier or George Stroumboulopoulos, focused on the role of propaganda throughout the Cold War beginning with the end of the Second World War in 1945 and concluding with the fall of the Berlin Wall in 1989.

English Services highlights

With new shows and returning favourites throughout the programming schedule and across genres, CBC's 2011 fall programming helped connect Canadians to their country, to their communities and to each other. Major successes included:

- In October, *Hockey Night in Canada* launched its 59th season with two games that each attracted more than 1.9 million Canadians.
- In November, CBC celebrated the 50th anniversary of the CBC Massey Lectures. In the 2011 series-Winter, Five Windows on the Season-best-selling Canadian author Adam Gopnik explored the season, the space and the cycle of winter.
- On CBC-Television's popular *Battle of the Blades*, hockey player Tessa Bonhomme and David Pelletier, one of the best pair skaters in history, were crowned Season 3 champions. *Battle of the Blades* continued to have a dedicated, loyal social media following, including competitors and their families and charities. A high-profile "social media correspondent" was introduced this year bringing higher visibility to the direct connection between the audience, the stars and the charities they supported.

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[1] Source: BBM Canada. Any other subsequent references are sourced from BBM Canada.

- On the new CBC-Television series *Cover Me Canada*, which showcased Canada's best new musical talent, Toronto's Whosarmy was chosen as the best new Canadian band by a combined vote from the judges and Canadian audiences via social media – a world first for a prime-time reality television show. The results were significant: with 2.9 million social media exchanges, the show more than doubled the social media activity of other hit CBC shows, some of which had larger television audiences.
- The holiday season on CBC was very successful in improving our season-to-date share. CBC Television celebrated the festive season with new specials and traditional family favourites. In addition to holiday fare from CBC's resident personalities, a wide range of Hollywood's seasonal favourites – both vintage chestnuts and modern day classics – were screened.

Many of CBC/Radio-Canada shows and executives were recognized with high profile awards for their contribution to Canadian culture.

Award	Winner
Directors Guild of Canada Awards	Best TV Movie/Mini-series, Best Direction and Best Production Design TV for *John A: Birth of a Country* Best TV Series-Drama for *The Tudors*
Columbus International Film & Video Festival	Silver Chris Award-Education for *Geologic Journey II (The Pacific Rim: Americas/The Collision Zone)* Bronze Plaque Award-Broadcast Journalism for *Connect with Mark Kelley* (CBC News Network)
Playback	Playback's Person of the Year Award to Kirstine Stewart, Executive Vice-President, English Services
WIFT-T Crystal Award	Creative Excellence Award to Julie Bristow, Executive Director, Studio and Unscripted Programming, English Services
Prix Boomerang	Five awards for Radio-Canada sites (*Espace.mu; 10 musulmans, 10 ans après; Réfugiés oubliés: les Palestiniens du Liban*, *Donner sa langue au chat*) and apps (Tou.tv on iPhone/iPad)
Prix Judith-Jasmin	Category Enquête : Alain Gravel, Emmanuel Marchand and Daniel Tremblay for *Enquête, Corruption fiscale* Category Grand Reportage : Jean-Pierre Rogel and Louis Faure for *Découverte, La ruée vers le gaz de schiste* Category Nouvelles, médias nationaux : Christian Latreille et Pierre Huard for *Le Téléjournal, Serge Ménard vs Gilles Vaillancourt*
Conseil québécois du loisir	Seven awards and a grant for Radio-Canada's radio, television and web teams

Transparency and Accountability

- CBC/Radio-Canada held its third Annual Public Meeting in Ottawa at the Canadian War Museum on November 2, 2011, coinciding with the Corporation's official 75th anniversary. A live audience and Canadians participating via webcast heard the Chair of the Board of Directors Timothy Casgrain, President and CEO Hubert T. Lacroix, and Vice-President and Chief Financial Officer Suzanne Morris present highlights of 2010-2011 and an overview of the Corporation's future direction. As well, foreign correspondents Nahlah Ayed, Anyck Béraud, Jean-François Bélanger and Paul Hunter reflected on the past year's international events and answered questions from the floor, the webcast and Twitter. The webcast, along with the speeches and a FAQ, can be viewed on the corporate website.
- CBC/Radio-Canada is committed to meeting its obligations under the *Access to Information (ATI) Act*. In November, the Corporation released the second issue of its Transparency and Accountability Bulletin, which provides updates on the Corporation's performance under the *Act*. The Corporation also updates its Transparency and Accountability website regularly, providing Canadians with thousands of pages of information released either proactively or as part of ATI requests. Since becoming subject to the *Act* in 2007, we have reduced our response times from 187 days in 2008-2009 to 57 in 2010-2011. Our average response time as of December 31, 2011 was 32 days.

Regulatory Developments

Licence renewal hearings

- Following a request filed by the Corporation on January 31, 2012, the CRTC announced on February 1, 2012 that it has postponed CBC/Radio-Canada's licence renewal hearings until further notice. They were previously scheduled to begin on June 4, 2012. CBC/Radio-Canada television and radio undertakings have been administratively renewed until August 31, 2012.
- On December 15, 2011 the Corporation provided, as requested by the CRTC, Independent Production Activity Reports for CBC Television and Télévision de Radio-Canada for the 2010-2011, 2009-2010, and 2008-2009 broadcast years. The reports demonstrate a significant contribution by CBC/Radio-Canada to both English and French-language independent producers across the country.

Review of the Local Programming Improvement Fund (LPIF)

- August 31, 2011, marked the end of year two of the LPIF, created by the CRTC in 2008 to support local programming produced by conventional television stations operating in non-metropolitan markets. The LPIF contributed $37 million to the Corporation in 2010-2011, which helped fund local television program improvements in small population centers including minority markets. Our Strategy 2015 plan relies on the fund to sustain and improve local TV programming, particularly in underserved local markets.
- On December 19, 2011, the CRTC launched a review of the LPIF. The CRTC had announced its intention to review the Fund in its third year of operation. This review will determine whether the Fund should be maintained, modified or cancelled. Comments to the CRTC were due February 15, 2012, and a public hearing will begin April 16, 2012, in Ottawa. A decision is expected in the summer. Significant modifications to the Fund, if required, will not likely be implemented before September 1, 2013.

2. Performance

2.1 Key Performance Indicators

Three performance drivers are critical to our success: People, Programs and Pushing Forward.

People, our employees, need tools and knowledge to help them remain agile as we face new challenges. Our Programs need to remain relevant and engaging, and we need to create richer Canadian content for audiences, in whatever format they prefer. Finally, we need to continue Pushing Forward and evolving. To be able to fulfill our mandate on behalf of Canadians, we must adapt quickly to changing conditions in the broadcasting and media environment.

Section 3.1 provides further information about our employees.

Measuring our success against our Strategy 2015: *Everyone, Every way*

Our first public performance report was released at our Annual Public Meeting, on November 2, 2011. It examined how well, according to surveyed Canadians, our services fulfill the Corporation's mandate under the *Broadcasting Act*, and the degree to which our programming adheres to the guiding principles of Strategy 2015. Below is an update of that public report based on data from our November 2011 survey which provides the first measure of the public's perceptions of their public broadcaster since Strategy 2015 was launched.

Report on English Services

How does English Services fulfill its mandate under the *Broadcasting Act?*

CBC's English-language radio and television programming is…	November 2011 Average Scores (/10)	November 2010 Average Scores (/10)
informative	8.0	8.0
enlightening	7.5	7.5
entertaining	7.4	7.4
available on new platforms	8.2	8.2

Metric definition: Average score is the average of the scores given by all respondents on a 10 point scale.

1 2 3 4 5 6 7 8 9 10

Strongly Disagree | Disagree | Agree | Strongly Agree

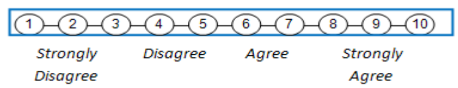
Source: TNS Canadian Facts (1,200 Anglophones per survey).
The surveys are conducted in November of each year.

The radio and television programming of CBC/Radio-Canada's English Services continues to fulfill its mandate under the *1991 Broadcasting Act*, receiving high marks across all four dimensions measured.

How Does English Services' programming fare against the guiding principles of Strategy 2015?

CBC's English-language programming[1] is…	November 2011	November 2010
	Average Scores (/10)	Average Scores (/10)
high quality	8.1	8.0
different from that offered on other channels	7.5	7.3
reflects regions of Canada	8.1	7.9
reflects my region	6.4	6.1
reflects my diversity	7.8	7.5
reflects my culture	6.9	6.7

Metric definition: Average score is the average of the scores given by all respondents on a 10 point scale.



[1.] Programming and content offered on any of our services, i.e., CBC Television, CBC News Network, **bold**, *documentary*, CBC Radio One, CBC Radio 2 and CBC.ca.

Source: TNS Canadian Facts (1,200 Anglophones per survey).
The surveys are conducted in November of each year.

Results from the November 2011 survey suggest that Anglophones are responding positively to the initiatives that have been announced or introduced since the launch of Strategy 2015. Scores for each aspect of the guiding principles were higher in November 2011 than in November 2010.

CBC/Radio-Canada's English-language programming and content receives higher scores for being of "high quality" (8.1) and for "reflecting the regions of Canada" (8.1). Lower scores were, however, recorded for "reflects my region" (6.4) and "reflects my culture" (6.9). Despite our extensive regional presence, these results are an indication that improving our regional footprint is the right strategy.

Report on French Services

How does French Services fulfill its mandate under the *Broadcasting Act?*

Radio-Canada's French-language radio and television programming is…	November 2011 Average Scores (/10)	November 2010 Average Scores (/10)
informative	8,3	8,1
enlightening	8,0	7,8
entertaining	7,9	7,8
available on new platforms	8,4	8,0

Metric definition: Average score is the average of the scores given by all respondents on a 10 point scale.

1 – 2 – 3 – 4 – 5 – 6 – 7 – 8 – 9 – 10

Strongly Disagree | Disagree | Agree | Strongly Agree

Source: TNS Canadian Facts (1,200 Francophones per survey).
The surveys are conducted in November of each year.

Radio-Canada's French-language radio and television programming continues to fulfill its mandate under the 1991 *Broadcasting Act*, receiving high results across all measures, with particularly high scores for being " informative " (8.3) and " available on new platforms " (8.4). Also of note, November 2011 scores were higher in each case than in November 2010.

How Does French Services' programming fare against the guiding principles of Strategy 2015?

Radio-Canada's French-language programming[1] is…	November 2011	November 2010
	Average Scores (/10)	Average Scores (/10)
high quality	8.4	8.2
different from that offered on other channels	8.0	7.6
reflects regions of Canada	7.8	7.5
reflects my region	7.1	6.8
reflects my diversity	7.7	7.4
reflects my culture	7.6	7.4

Metric definition: Average score is the average of the scores given by all respondents on a 10 point scale.

1 – 2 – 3 – 4 – 5 – 6 – 7 – 8 – 9 – 10

Strongly Disagree | Disagree | Agree | Strongly Agree

[1] Programming and content offered on any of our services, i.e., Télévision de Radio-Canada, RDI, ARTV, Première Chaîne, Espace musique, *Radio-Canada.ca* and Tou.tv.

Source: TNS Canadian Facts (1,200 Francophones per survey).

The surveys are conducted in November of each year.

Results from the November 2011 survey indicate that Francophones are responding positively to the initiatives that French Services have announced or introduced since the launch of Strategy 2015. Scores for each aspect of the guiding principles were higher in November 2011 than in November 2010.

Radio-Canada's French-language programming and content receives its highest score for being of " high quality " (8.4), while its lowest score was recorded for " reflects my region " (7.1). This latter score underlines the need to constantly enhance our regional coverage, which is both consistent with Strategy 2015 and the expectations of Canadians.

2.2 English and French Services Performance to Date

In addition to monitoring the overall performance of Strategy 2015, CBC/Radio-Canada has developed key performance indicators for English and French services. These indicators, taken from the media's business plans, include results against targets for the current year and results for last year.

French Services		Third Quarter Results 2011-2012	Annual Targets 2011-2012	Annual Results 2010-2011
Radio Networks				
Première Chaîne and Espace musique	Full-day audience share[1]	17.8%	19.5%	19.5%
Website[2]				
Radio-Canada.ca, Tout.tv, Bandeapart.fm, RCI.net, Espace.mu	Monthly average unique visitors Sep-Mar[3]	2.1 million	2.1 million	2.0 million
Television				
Télévision de Radio-Canada	Prime-time audience share Fall/winter season[4]	19.1%	19.3%	19.9%
RDI and ARTV	Full-day audience share Fall/winter season[4]	4.7%	4.5%	4.5%
Regional				
Première Chaîne	Morning shows audience share Mon-Fri 6-9 a.m.[1]	17%	19%	19%
Téléjournal 18h	Average viewer per minute Weekly average Mon-Fri 6-6:30 p.m. Fall/winter season[4]	285,000	323,000	317,000
Regional web pages	Monthly average unique visitors Sep-Mar[3]	430,000	458,000	447,000
Specialty Televsion Channels				
RDI	Subscribers	11.6 million	11.0 million	11.0 million
ARTV	Subscribers	2.1 million	2.1 million	2.1 million
Revenue[5]				
Conventional, specialty, online		$164.3 million (year-end forecast: $227.2 million)	$230.0 million	$224.9 million

1. Source: BBM Canada, fall survey (diary), persons aged 12 years and older.

2. Source: Espace.mu was introduced on June 13, 2011. RCI Vision was introduced on June 20, 2011, and results are included with RCI.net.

3. Source: comScore, persons aged 2 years and older.

4. Source: BBM Canada, Personal People Meter (PPM), persons aged 2 years and older.

5. Includes revenue from LPIF, a fund created by the CRTC to support local programming. It is available to conventional television stations operating in non-metropolitan areas.

French Services expects to meet or surpass most of the targets set for 2011-2012, with the exception of the combined full day audience share of its radio services Première Chaîne and Espace musique, and the market share of the weekday morning radio programs among Francophones, which were measured in the fall BBM survey. The all-day combined share dropped by 1.7% from an historical high of 19.5%. Shifts in the marketplace, including some changes in formats for talk and music radio in the French language market, as well as significant renewal of programs in the off-peak hours on Première Chaîne, may have contributed to some shopping around movement by Francophone listeners. However, the total reach of radio services remains stable year-over-year since the fall of 2008.

French Services revenue is currently tracking to exceed 2010-2011 results but will likely not meet the annual target set for 2011-2012, mainly due to a slower increase in conventional advertising revenue.

Other results to date indicate we will likely meet or surpass our targets.

English Services		Third Quarter Results 2011-2012	Annual Targets 2011-2012	Annual Results 2010-2011
Radio Networks				
CBC Radio One and CBC Radio 2	All-day audience share[1]	14,5%	14.9%	14,7%
Television				
CBC Television	Prime-time audience share Regular season[3]	8,1%	9.3%	9,3%
CBC News Network	All-day audience share Regular season[3]	1,4%	1.5%	1,4%
Regional				
CBC Radio One morning shows	Average weekly hours tuned (Mon-Fri) Regular season[3]	6.1 million	4.8 million	4.8 million
TV supper and late-night news	Average weekly hours tuned (Mon-Fri) Regular season[3]	3.1 million	3.1 million	3.1 million
Regional web pages	Monthly average unique visitors Sep-Mar[2]	0.93 million	0.93 million	0.90 million
New Platforms				
CBC.ca	Monthly average unique visitors Sep-Mar[2]	5.8 million	6.0 million	5.8 million
CBC News Online	Monthly average unique visitors Sep-Mar[2]	4.1 million	4.1 million	4.0 million[5]
CBC Sports Online	Monthly average unique visitors Sep-Mar[2]	1.0 million	1.0 million	0.9 million
CBC Entertainment Online	Monthly average unique visitors Sep-Mar[2]	1.7 million	2.0 million	1.9 million
Specialty Television Channels				
CBC News Network	Subscribers	11.3 million	11.1 million	11.0 million
bold	Subscribers	2.7 million	2.6 million	2.2 million
documentary	Subscribers	2.6 million	2.5 million	2.4 million
Revenue[4]				
Conventional, specialty, online		$295.4 million (year-end forecast: $389.0 million)	$373.1 million	$384.0 million[6]

1. Source: BBM Canada, fall survey (diary), persons aged 12 years and older.
2. Source: comScore, persons aged 2 years and older.
3. Source: BBM Canada, Personal People Meter (PPM), persons aged 2 years and older.
4. Revenue for *documentary* is counted at 100% although CBC/Radio-Canada owns 82% per cent. Includes revenue from LPIF, a fund created by the CRTC to support local programming. It is available to conventional television stations operating in non-metropolitan areas.
5. CBC News Online excludes February 2011 due to comScore error (News Only).
6. Includes one-time FIFA World Cup soccer revenues.

English Services expects to meet or surpass most of the targets set for 2011-2012, with the exception of radio share and television share. However, the television share is improving into the fourth quarter.

CBC Radio's share performance is below target by 0.4% for the year. The long-term share growth trend has been positive and 2011-2012 results are consistent with that trend.

CBC Television's share performance to date is trending below the full regular season target in the face of stiffer competition, particularly from U.S.-based services (conventional and specialty). The performance of winter season programming normally improves the final outcome of this indicator as measured at the end of the regular season.

2.3 Canadian Content Expectations and Results

Regulatory requirements for Canadian content on television are specified by the Canadian Radio-television and Telecommunications Commission (CRTC). The CRTC sets expectations of service for Télévision de Radio-Canada and CBC Television. For the broadcast day between 6:00 a.m. and midnight, a minimum of 75 per cent Canadian content is expected. For the peak period of 7:00 p.m. to 11:00 p.m., a minimum of 80 per cent Canadian content is expected. Both measures are averages over the entire broadcast year from September 1 to August 31. As shown in the table below, in the past two broadcast years, Télévision de Radio-Canada and CBC Television have exceeded the CRTC's Canadian content expectations, both over the whole day and in prime time. Increasing Canadian programming is key to CBC/Radio-Canada's five-year strategic plan, Strategy 2015.

Canadian Content		Results Sep 1, 2010 to Aug 31 2011	Yearly Regulatory Expectations	Results Sep 1, 2009 to Aug 31 2010
Télévision de Radio-Canada				
Broadcast day	(Mon-Sun, 6:00 a.m.-12:00 a.m.)	86%	75%	82%
Prime time	(Mon-Sun, 7:00 p.m.-11:00 p.m.)	93%	80%	88%
CBC Television				
Broadcast day	(Mon-Sun, 6:00 a.m.-12:00 a.m.)	84%	75%	85%
Prime time	(Mon-Sun, 7:00 p.m.-11:00 p.m.)	82%	80%	82%

3. Capability to Deliver Results

Our capability to execute our strategy and achieve planned results is dependent upon our people and other significant resources as described below.

3.1 People and Leadership

People and Culture

Our people are our number one asset. To ensure that we can deliver results, we need to engage and develop employees, promote a healthy workplace, and continue to build relationships with unions based on trust and respect. Activity in the quarter includes the following.

Changes in executive management

On January 16, 2012, Louis Lalande was named Executive Vice-President, French Services. Mr. Lalande has worked at CBC/Radio-Canada for nearly three decades. He has held positions with news and current affairs, including ten years as an Executive Producer of Special Coverage and Major Events, such as election nights. He later became Executive Director of Technical Production and then Executive Director of News and Current Affairs for Télévision de Radio-Canada. As a member of the French Services management team, he played a key role in establishing the *Centre de l'information* in Montreal. In 2006, he was appointed Executive Director of Regional Services, where he oversaw all French-language TV, radio and web programming in the regions. Mr. Lalande also brings external experience to his new role, including the creation of LCN, TVA's all-news television channel.

Pierre Tourangeau, Senior Director, Content News and Current Affairs Information, French Services, was appointed the new Ombudsman for French Services, effective November 14, 2011. Having worked in television, radio and print, Mr. Tourangeau brings close to 35 years of journalistic experience to his new role.

Renewal of the Société des Auteurs de la Radio, de la Télévision et du Cinéma collective agreement

On December 12, 2011 CBC/Radio-Canada management and the *Société des Auteurs de la Radio, de la Télévision et du Cinéma* were pleased to announce the extension for one year of the union's collective agreement.

Dialogue Survey

During 2010-2011, CBC/Radio-Canada launched a corporate-wide employee survey, *Dialogue*. The objective was to measure employee engagement, identify what drives engagement and improve organizational effectiveness and efficiency. Sixty-seven per cent of employees took the time to tell CBC/Radio-Canada what they think.

To make progress on the two national priorities identified by *Dialogue* – Development and Recognition – a number of initiatives were launched:

- An employee recognition program which includes a series of workshops and an employee microsite to encourage day-to-day recognition. Close to 200 employees attended recognition workshops during the quarter.
- An internal mentoring pilot project to encourage the sharing of expertise and experience and to develop talent.
- A *Learning Month* to demonstrate CBC/Radio-Canada's commitment to employee learning and development.
- New online learning options for employee training and development: *Clic*, the e-learning library and *The Exchange*, the English Services training website.
- An English Services management pilot initiative, *Connect 90*, which encourages and rewards managers for weekly engagement with employees.

Outreach

Over the course of the year, the President and CEO, along with members of the Senior Executive Team (SET) and the Board of Directors, met and spoke with employees, community leaders and the public from coast-to-coast-to-coast. Community outreach is an opportunity for dialogue with employees and stakeholders about the importance of public broadcasting and CBC/Radio-Canada's opportunities and challenges.

In this quarter, the President and CEO, and members of the SET, gave over 30 speeches, interviews and presentations, including appearances at the National Press Club, the Annual Public Meeting and the Broadcast Executives Society, as well as before the Standing Committees on Canadian Heritage and Access to Information, Privacy and Ethics.

Employee engagement

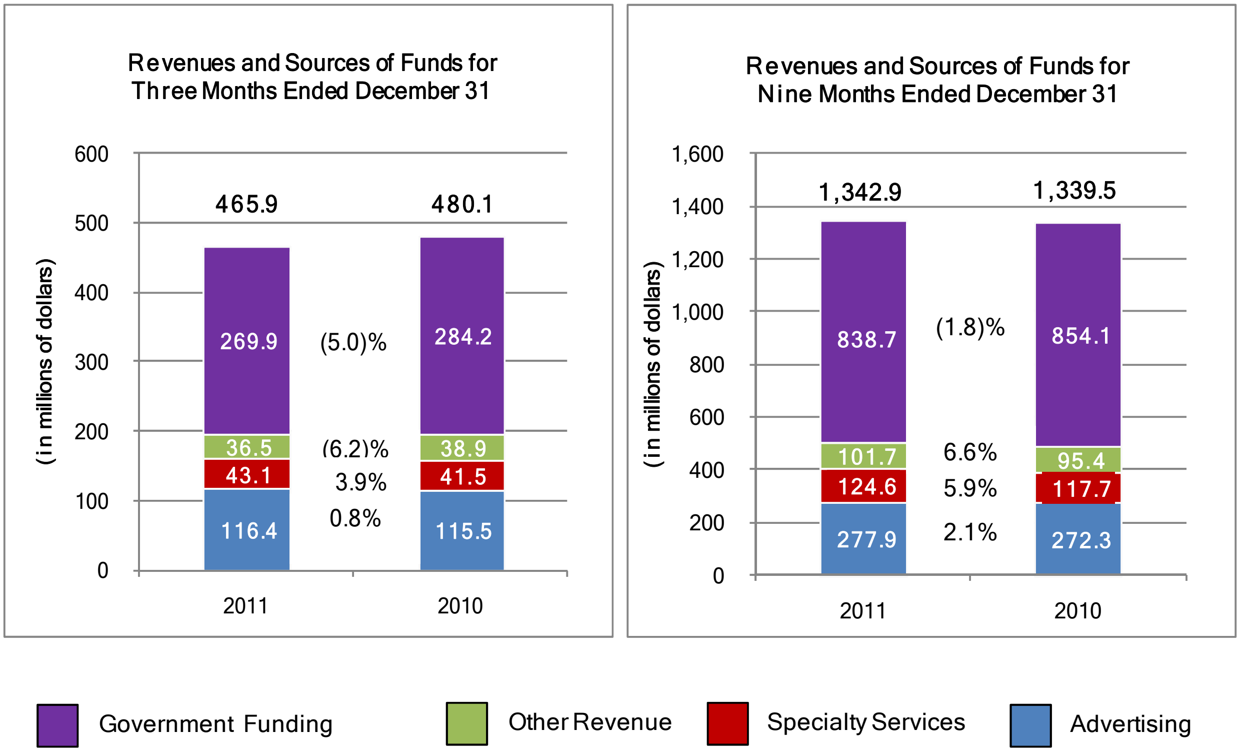
The Corporation re-launched its *Doing Things Better* initiative, which provides employees with the opportunity to share the good ideas they've implemented or suggest ways for the Corporation to do things better–from protecting the environment to using technology wisely to improving the workplace.

Official Languages

The Corporation launched an Official Languages internal microsite featuring new communications tools. The microsite demonstrates CBC/Radio-Canada's bilingual capacity across the country and helps ensure compliance to Official Language policies, especially in designated bilingual offices.

3.2 Resource Capacity

CBC/Radio-Canada has four sources of direct funding: government operational and capital funding, advertising revenue, specialty services revenue and other revenue.



For the first nine months, $838.7 million in government funding was recognized as income (approximately 62% of total revenue and sources of funds). On an annual basis, CBC/Radio-Canada's appropriation is equivalent to $34 per Canadian, compared to an average of $87 per capita being the funding contributed by governments to the 18 most important national public broadcasters in the world[1].

In the 2011 federal budget, the Government reaffirmed $60 million in funding to the Corporation for Canadian programming initiatives in 2011-2012. The Corporation has received this funding since 2001; however, it has not been confirmed beyond 2011-2012.

A decision by Government on the government-wide Deficit Reduction Action Plan is expected in the next federal budget, in March 2012.

[1] *Analysis of Government Support for Public Broadcasting and Other Culture in Canada*, Nordicity, 2011.

For the third quarter, advertising accounted for $116.4 million in revenue (approximately 25% of total revenue and sources of funds), while specialty services generated $43.1 million (nine per cent of total revenue and sources of funds) and other revenue accounted for $36.5 million (eight per cent of total revenue and sources of funds).

For the first nine months of 2011-2012, advertising accounted for $277.9 million in revenue (approximately 21% of total revenue and sources of funds). Specialty services, which include subscription and advertising revenue from the Corporation's CBC News Network, **bold**, *documentary*, ARTV and the Réseau de l'information de Radio-Canada (RDI), generated $124.6 million (approximately nine per cent of total revenue and sources of funds). Other revenue, which includes contributions from the LPIF and from activities such as program sales, rental of real estate assets and leasing space at our transmission sites, accounted for $101.7 million (approximately eight per cent of total revenue and sources of funds).

The proportion of advertising revenue in the third quarter (October through December) was higher in comparison to the second quarter (July through September) reflecting the seasonality of the broadcast schedule.

Borrowing Authority

Subsection 46.1 of the *Broadcasting Act* confers on CBC/Radio-Canada the authority to borrow money with the approval of the Minister of Finance. In November, 2011, the Minister provided the Corporation with approval in principle of up to $25 million in aggregate during 2011-2012.

Under the *Broadcasting Act*, subsection 47(1), the Corporation is an agent of the Crown and therefore has the constitutional immunities, privileges and prerogatives that are enjoyed by the Crown. The Crown is also fully liable and financially exposed for all actions and decisions by CBC/Radio-Canada while the Corporation is operating within its mandate. In other words, the Corporation's assets and liabilities are the assets and liabilities of the Government.

4. Results and Outlook

4.1 Results

Summary – Net Results

	Three months ended December 31				Nine months ended December 31			
(in thousands of dollars)	**2011**	**2010**	**$ change**	**% change**	**2011**	**2010**	**$ change**	**% change**
Revenue	195,967	195,938	29	N/M	504,188	485,396	18,792	3.9
Expenses	(467,541)	(475,881)	8,340	1.8	(1,328,738)	(1,300,615)	(28,123)	(2.2)
Government funding	269,855	284,159	(14,304)	(5.0)	838,745	854,145	(15,400)	(1.8)
Net results before non-operating items	**(1,719)**	**4,216**	**(5,935)**	**(140.8)**	**14,195**	**38,926**	**(24,731)**	**(63.5)**
Non-operating items								
Dilution gain (loss) from Sirius	-	-	-	N/A	25,775	-	25,775	N/A
Dividend income from Sirius	-	-	-	N/A	5,094	-	5,094	N/A
Gain (loss) on disposal of equipment	9,563	88	9,475	N/M	8,119	(416)	8,535	N/M
Non-operating items	**9,563**	**88**	**9,475**	N/M	**38,988**	**(416)**	**39,404**	N/M
Net results for the period	**7,844**	**4,304**	**3,540**	**82.2**	**53,183**	**38,510**	**14,673**	**38.1**

N/M =Not meaningful

Net results for the third quarter were $7.8 million, an increase of $3.5 million compared to the same quarter of last year. The year-to-date net results were $53.2 million, compared to $38.5 million in the first nine months of 2010-2011. The variances that comprise these changes are explained in the following section of the report. It is expected that the net results (i.e., revenue less expenses and government funding) will be in line with plans for the year.

Non-operating items in the third quarter of 2011-2012 are mostly related to the proceeds generated from the sale of the Brossard AM transmitter site in October 2011. On a year-to-date basis, in addition to proceeds from the sale of the Brossard AM transmitter site, non-operating items for the nine month period ended December 31, 2011, primarily consisted of a dilution gain recognized as a result of the acquisition and financing activities related to Sirius Canada/CSR in which the Corporation is invested.

The following provides further detail and explanation of these financial matters.

Revenue

	Three months ended December 31				Nine months ended December 31			
(in thousands of dollars)	**2011**	**2010**	**$ change**	**% change**	**2011**	**2010**	**$ change**	**% change**
Advertising								
English Services	76,886	78,333	(1,447)	(1.8)	186,983	184,191	2,792	1.5
French Services	39,530	37,204	2,326	6.3	90,875	88,080	2,795	3.2
	116,416	115,537	879	0.8	277,858	272,271	5,587	2.1
Specialty services								
CBC News Network	21,980	21,181	799	3.8	62,901	61,068	1,833	3.0
RDI	14,073	13,677	396	2.9	41,099	41,343	(244)	(0.6)
bold	1,062	981	81	8.3	3,033	3,122	(89)	(2.9)
documentary	1,369	1,338	31	2.3	4,153	4,164	(11)	(0.3)
ARTV	4,597	4,295	302	7.0	13,437	7,994	5,443	68.1
	43,081	41,472	1,609	3.9	124,623	117,691	6,932	5.9
Other and financing income								
English Services	14,863	14,510	353	2.4	40,184	35,657	4,527	12.7
French Services	12,709	14,952	(2,243)	(15.0)	31,149	32,248	(1,099)	(3.4)
Corporate Services	8,898	9,467	(569)	(6.0)	30,374	27,529	2,845	10.3
	36,470	38,929	(2,459)	(6.3)	101,707	95,434	6,273	6.6
TOTAL	**195,967**	**195,938**	**29**	**N/M**	**504,188**	**485,396**	**18,792**	**3.9**

N/M =Not meaningful

Compared to the same periods in 2010-2011, revenue has remained stable in the third quarter of 2011-2012 and has increased by $18.8 million (3.9%) for the first nine months of the fiscal year.

Advertising

Advertising revenue increased by $0.9 million (0.8%) in the third quarter of 2011-2012 compared to the same three months in 2010-2011 due mostly to an increase in digital advertising revenue from Tou.tv. However, this is partly offset by a general softening of the market for conventional television.

On a year-to-date basis, advertising revenue increased by $5.6 million (2.1%) compared to the first nine months of 2010-2011, mainly as a result of strong audience performances and strong digital revenue in the first half of the year. English Services revenue in the first nine months of 2011-2012 reflected the impact of having a Canadian team (the Vancouver Canucks) in the seven-game Stanley Cup final, as well as the impact of a strong television schedule. French Services advertising revenue increased due mostly to growth on the Tou.tv platform. For both French and English Services, these increases were partly offset by lower advertising revenue relative to 2010-2011 which had benefited from non-recurring coverage of the FIFA Men's World Cup.

Specialty services

Specialty services revenue, which includes advertising and subscriber revenue, increased by $1.6 million (3.9%) in the third quarter of 2011-2012 and by $6.9 million (5.9%) in the first nine months of 2011-2012 compared to the same periods in the previous year.

This increase in year-to-date revenue was due almost entirely to a change in how ARTV results are reported. ARTV results are now reported on a consolidated basis since the Corporation acquired a controlling interest on July 12, 2010. There are, therefore, no quarterly comparable figures for the first three months of 2010-2011.

CBC News Network revenue increased both in the third quarter of 2011-2012 and on a year-to-date basis, compared to the same periods in 2010-2011. Subscriber revenue has increased due to growth in the number of subscribers (11.3 million in 2011-2012 compared to 11.0 million in 2010-2011) and in advertising revenue.

Other and financing income

Other and financing income for the quarter ending December 31, 2011, decreased by $2.5 million (6.3%) over the same period last year. This decrease was mostly attributable to lower commercial agreements in French Services. In addition, a payment for LPIF contributions relating to the previous broadcast year but received and recognized only in the third quarter of 2010-2011, also contributed to a portion of the decrease.

On a year-to-date basis, the increase was $6.3 million (6.6%). This was largely the result of an increase of $6.6 million in year-to-date contributions from the LPIF compared to the same period last year. LPIF contributions were higher due to growth in the Fund, and because 20 of our stations are eligible for LPIF funding in 2011-2012 compared to 17 stations last year.

Other income also reflects an increase in revenue from English Services' labour and facility rentals as well as program and archive sales, whereas French Services' facility rentals are lower when compared to last year. In addition, an increase in the net gain from fair value of financial instruments (foreign exchange contracts) also contributed to the revenue increase. Year-to-date income from rental of real estate assets and leasing of space at transmission sites also increased compared to the previous year, with most of the growth occurring in the first quarter. These increases were partly offset by lower non-advertising revenue relative to 2010-2011, which had benefited from non-recurring coverage of the FIFA Men's World Cup.

Operating Expenses

	Three months ended December 31				Nine months ended December 31			
(in thousands of dollars)	2011	2010	$ change	% change	2011	2010	$ change	% change
Television, radio and new media services								
English Services	231,298	232,655	(1,357)	(0.6)	662,806	654,003	8,803	1.3
French Services	171,847	167,162	4,685	2.8	473,046	448,154	24,892	5.6
	403,145	399,817	3,328	0.8	1,135,852	1,102,157	33,695	3.1
Specialty services								
CBC News Network	16,401	17,134	(733)	(4.3)	48,796	50,084	(1,288)	(2.6)
RDI	9,899	11,345	(1,446)	(12.7)	31,828	31,533	295	0.9
BOLD	675	858	(183)	(21.3)	3,159	2,772	387	14.0
documentary	886	425	461	108.5	2,698	2,771	(73)	(2.6)
ARTV	3,395	3,760	(365)	(9.7)	10,476	6,590	3,886	59.0
	31,256	33,522	(2,266)	(6.8)	96,957	93,750	3,207	3.4
Transmission, distribution and collection	20,769	21,145	(376)	(1.8)	60,690	59,127	1,563	2.6
Corporate management	2,682	2,949	(267)	(9.1)	8,270	8,057	213	2.6
Payments to private stations	832	752	80	10.6	2,131	2,261	(130)	(5.7)
Finance costs	8,435	8,976	(541)	(6.0)	25,146	26,290	(1,144)	(4.4)
Share of (profit) loss in associate	422	8,720	(8,298)	(95.2)	(308)	8,973	(9,281)	(103.4)
TOTAL	**467,541**	**475,881**	**(8,340)**	**(1.8)**	**1,328,738**	**1,300,615**	**28,123**	**2.2**

Operating expenses for the three months ended December 2011 of $467.5 million decreased by $8.3 million (1.8%) compared to the third quarter of 2010-2011. On a year-to-date basis, expenditures of $1,329 million increased by $28.1 million (2.2%) compared to the same period in 2010-2011.

Television, radio and new media services

English Services' expenditures of $231.3 million for the third quarter have remained relatively stable with the third quarter of 2010-2011. Non-cash expenditures such as pension costs and employee future benefits are responsible for the slight decrease in costs of $1.3 million this quarter. On a year-to-date basis, English Services' operating expenses of $662.8 million increased by $8.8 million from the same quarter last year, largely due to an enhanced schedule. Sports programming costs increased with more hockey playoff games produced in high-definition, the World Figure Skating Championships in Russia and the FIFA Women's World Cup. News coverage of the federal election, the royal wedding and the royal visit also contributed to this increase in programming costs.

French Services' expenditures of $171.8 million this quarter represents an increase of $4.7 million from the same quarter last year, reflecting the enhancement of conventional and digital programming as planned under Strategy 2015. On a year-to-date basis, French Services' expenditures were $473.0 million, an increase of $24.9 million due to conventional and digital programming enhancements, the coverage of the federal election, increased promotion costs, increased digital investments and an increased regional presence of Espace musique as planned. Non-cash expenses for French Services, such as amortization of capital assets, also contributed to the increase in quarterly and year to date operating expenses.

For both English and French Services, one-time operating costs for various efficiency-generating projects that will reduce future operating costs also contributed to the increase. These projects included a review of the procurement process and of contracts for the purchase of goods and services, a corporate-wide printer optimization initiative and an energy-reduction lighting project. A decrease in costs this year, relative to 2010-2011 when the FIFA Men's World Cup was broadcast, offsets a portion of the year-over-year variance for both English and French Services.

Specialty services

The year-to-date expenditure decrease for CBC News Network was primarily due to reduced marketing costs.

In the third quarter of 2011-2012, RDI's expenditures were lower than in the same period last year. The decrease was mostly due to fluctuations in the programming schedule for the quarter. Year-to-date expenditures are trending at a level similar to the first nine months of 2010-2011.

The growth in ARTV expenditures reflect that ARTV results are now reported on a consolidated basis because CBC/Radio-Canada acquired controlling interest of the specialty service on July 12, 2010.

Other operating expenses

On a year-to-date basis, the expenditure increase for transmission, distribution and collection activities was caused by accelerated depreciation of analog television assets due to the transition to digital transmission in Canada.

The year-over-year decrease in finance costs reflects the decreasing interest portion of financing leases, mostly for the Toronto Broadcast Centre.

The $8.7 million loss in associate in the previous year's third quarter reflects the Corporation's share of losses on Sirius Class A shares that were previously unrecognized for accounting purposes.

Government Funding

	Three months ended December 31				Nine months ended December 31			
(in thousands of dollars)	**2011**	**2010**	**$ change**	**% change**	**2011**	**2010**	**$ change**	**% change**
Parliamentary appropriations for operating expenditures	236,182	250,755	(14,573)	(5.8)	738,615	758,425	(19,810)	(2.6)
Parliamentary appropriations for working capital	1,000	1,000	-	-	2,999	2,999	-	-
Amortization of deferred capital funding	32,673	32,404	269	0.8	97,131	92,721	4,410	4.8
TOTAL	**269,855**	**284,159**	**(14,304)**	**(5.0)**	**838,745**	**854,145**	**(15,400)**	**(1.8)**

Parliamentary appropriations for operating expenditures recognized as revenue decreased by $14.6 million (5.8%) for the three-month period ending December 31, 2011, compared to the same period last year. On a year-to-date basis, the decrease was $19.8 million (2.6%). Parliamentary appropriations for operating expenditures are recognized in the Condensed Consolidated Statement of Income based on quarterly budgeted expenses and self-generated revenue. Higher budgeted net revenue in 2011-2012 reduced the amount of operating appropriation required for the first nine months compared to 2010-2011. By the end of 2011-2012, the Government operating appropriation is expected to be $2.8 million less than the appropriation received in 2010-2011 due to an incremental budget reduction for 2011-2012 related to cost-containment measures announced in the 2007 federal.

Capital funding received is recorded as deferred capital funding. It is amortized and recognized as revenue over the same periods as the related property, equipment, equipment under capital lease, and intangible assets are used in CBC/Radio-Canada's operations.

Non-Operating Items

	Three months ended December 31				Nine months ended December 31			
(in thousands of dollars)	**2011**	**2010**	**$ change**	**% change**	**2011**	**2010**	**$ change**	**% change**
Dilution gain (loss) from Sirius	-	-	-	N/A	25,775	-	25,775	N/A
Dividend income from Sirius	-	-	-	N/A	5,094	-	5,094	N/A
Gain (loss) on disposal of equipment	9,563	88	9,475	N/M	8,119	(416)	8,535	N/M
Non-operating items	**9,563**	**88**	**9,475**	**N/M**	**38,988**	**(416)**	**39,404**	**N/M**

N/M = Not meaningful

Non-operating items in the third quarter of 2011-2012 are mostly related to the proceeds from the sale of the Brossard AM transmitter site in October 2011. There were no such large transactions in the third quarter of 2010-2011.

On June 21, 2011, Canada's two satellite radio providers, Sirius Canada Inc. and Canadian Satellite Radio Holdings Inc., merged to create an entity currently trading under the name of Canadian Satellite Radio Holdings Inc. (CSR). The Corporation owns a 14.5% equity interest and 19.9% voting interest in the merged entity, and it has a seat on the Board of Directors. As a result of this transaction, non-operating items for the nine month period ended December 31, 2011, also include a dilution gain of $25.8 million and dividends of $5.1 million related to the Sirius Canada and CSR merger transaction.

Total Comprehensive Income

	Three months ended December 31				Nine months ended December 31			
(in thousands of dollars)	2011	2010	$ change	% change	2011	2010	$ change	% change
Net results for the period	**7,844**	**4,304**	**3,540**	**82.2**	**53,183**	**38,510**	**14,673**	**38.1**
Other comprehensive income (loss)								
Actuarial gains (losses) on defined benefit plans	34,697	186,263	(151,566)	(81.4)	(99,119)	266,004	(365,123)	(137.3)
Net unrealized gain on available-for-sale financial assets	-	8,720	(8,720)	(100.0)	94	8,973	(8,879)	(99.0)
Reclassification to income of net unrealized gain on available-for-sale financial assets realized on merger transaction	-	-	-	N/A	(5,094)	-	(5,094)	N/A
Total other comprehensive income (loss)	34,697	194,983	(160,286)	(82.2)	(104,119)	274,977	(379,096)	(137.9)
Total comprehensive income (loss) for the period	**42,541**	**199,287**	**(156,746)**	**(78.7)**	**(50,936)**	**313,487**	**(364,423)**	**(116.2)**

Other comprehensive income for the current period amounted to $34.7 million, a decrease of $160.3 million over the three-month period ended December 31, 2010.

Other comprehensive income of $34.7 million for the current quarter was the result of the following:

- A decrease in the discount rate on the pension obligation from 4.75% to 4.5% resulting in actuarial losses of $188.9 million; and
- An offsetting amount arising from a higher than expected actual return on assets during the quarter of 4.6% (6.2% actual vs. 1.6% expected), resulting in an actuarial gain of $223.6 million.

For the same period in the comparative year, comprehensive income of $195.0 million was primarily the result of the following:

- An increase in the discount rate on the pension obligation from 5.0% to 5.25% resulting in actuarial gains of $140.9 million;
- An additional amount arising from a higher than expected return on assets during the quarter of 0.9% (2.5% actual vs. 1.6% expected), resulting in an actuarial gain of $45.4 million; and
- The recognition of an increase in the value of Sirius class C shares.

On a year-to-date basis, the actuarial losses of $99.1 million were caused by a significant decrease in the discount rates on the pension obligation mainly due to the reduction in yields on Government of Canada bonds during those periods, offset by a higher than expected return on assets. In addition, a loss of $5.1 million resulted from a non-cash reclassification to income of Sirius amounts arising from the merger transaction.

For the comparative year-to-date in 2010-2011, the actuarial gain of $266.0 million was primarily driven by a higher than expected return on assets and was offset by a marginal movement in the pension obligation given the stability of the discount rate throughout most of the period. In addition, the year-to-date period last year included an amount of $9.0 million reflecting the increase in the value of Sirius class C shares and a loss of $5.1 million resulting from a non-cash reclassification to income of Sirius amounts arising from the merger transaction.

4.2 Financial Condition, Cash Flow and Liquidity

The Corporation's main liquidity sources are parliamentary appropriations for operating, capital and working capital requirements, and cash from commercial activities. Based on current information, the Corporation does not expect any significant change in the composition of its sources of liquidity, except for the potential impact of the government-wide DRAP to be announced in federal budget 2012, which could result in a reduction in operating appropriations phased in from 2012-2013 to 2014-2015. As required by Government, the Corporation has prepared proposals to manage possible funding reductions of five or 10 per cent.

The Corporation's cash flows from operating, investing and financing activities for the three months ended December 31, and year-to-date results, are summarized in the following table. The Corporation's cash balance at December 31, 2011, was $87.7 million, compared to $105.9 million on December 31, 2010.

Cash Position

	Three months ended December 31				Nine months ended December 31			
(in thousands of dollars)	**2011**	**2010**	**$ change**	**% change**	**2011**	**2010**	**$ change**	**% change**
Cash - beginning of year/period	**83,018**	**125,612**	**(42,594)**	**(33.9)**	**63,224**	**53,170**	**10,054**	**18.9**
Cash from operating activities	14,534	8,635	5,899	68.3	42,660	88,137	(45,477)	(51.6)
Cash from financing activities	(1,697)	(1,394)	(303)	21.7	19,736	20,791	(1,055)	(5.1)
Cash used in investing activities	(8,150)	(26,960)	18,810	69.8	(37,915)	(56,205)	18,290	32.5
Net change	4,687	(19,719)	24,406	(123.8)	24,481	52,723	(28,242)	(53.6)
Cash - end of period	**87,705**	**105,893**	**(18,188)**	**(17.2)**	**87,705**	**105,893**	**(18,188)**	**(17.2)**

Cash from operating activities

Cash provided by operating activities was $14.5 million, an increase of $5.9 million in the third quarter of 2011-2012 relative to the same period last year. This movement in cash flows was primarily the result of an increase in non-cash deferred operating appropriation ($83.3 million) and net results ($3.5 million), offset by decreases in non-cash working capital ($60.2million) and non-cash adjustments ($15.7 million).

On a year-to-date basis, cash generated by operating activities was $42.7 million, a decrease of $45.5 million relative to last year. This movement was due to a reduction in non-cash working capital ($14.3 million) and non-cash adjustments ($62.0 million) including items such as depreciation of property and equipment, amortization of deferred capital funding and the change in deferred operating vote drawdown. These decreases were partially offset by increases in non-cash deferred operating appropriation ($17.7 million) and net results ($14.7 million).

Cash used in financing activities

Net outflows relating to financing activities were $1.7 million for the three month period ended December 31, 2011, compared to $1.4 million for the same period last year. On a year-to-date basis, net cash flows provided were $19.7 million as of December 31, 2011, compared to $20.8 million in the same period last year.

For the three and nine month periods ended December 31, inflows consisted of Parliamentary appropriations for capital expenditures. These inflows were offset by the repayment of the Corporation's various obligations and the related interest.

In addition, for the nine month periods ended December 31, inflows were partially offset by the semi-annual repayments of the Toronto Broadcasting Centre bonds, the notes payable arising from the sale of receivables, obligations under finance leases and the interest related to these items.

Cash used in investing activities

Net outflows relating to investing activities were $8.2 million for the three month period ending December 31, 2011, compared to $27.0 million for the same period last year. The outflows consisted mainly of acquisition of property and equipment and intangible assets primarily offset by proceeds of $9.8 million from disposals of property and equipment.

Net cash flows used for investing were $37.9 million for the nine month period ended December 31, 2011, compared to $56.2 million in the comparative period last year. Cash outflows of $69.1 million included $56.6 million for acquisition of property and equipment and intangible assets in accordance with the Corporation's capital plan, and $6.1 million for acquisition of programming rights. These outflows were offset by $20.9 million in cash inflows largely comprised of $14.9 million in capital and dividends received as part of the merger between Sirius Canada Inc. and Canadian Satellite Radio Holdings Inc., and $10.2 million of proceeds from disposals of property and equipment.

4.3 Outlook and Risk Update

The third quarter was highlighted by the continuing implementation of the Corporation's five-year strategic plan, launched on February 1, 2011. Strategy 2015 responds to a rapidly evolving broadcast and media environment, demographic shifts and new technologies, platforms and content choices, all of which impact revenue, operating costs and capital requirements. Having developed a comprehensive financial plan, the Corporation is confident that it can achieve its objectives provided that it has stable long-term funding, including parliamentary appropriations, availability of the $60 million for Canadian programming received annually since 2001-2002, stable economic conditions, and continued access to the Local Programming Improvement Fund (LPIF) and the Canada Media Fund (CMF). Should there be a substantial reduction in these sources of funds or an economic downturn that reduces expected revenue, it would affect our ability to deliver Strategy 2015 and would create shortfalls that would need to be managed by reducing operating costs.

Strategy 2015 commits us to pursue revenue growth initiatives and cost improvements, redirect resources to Strategy 2015 priorities, and continue examining our assets to extract as much value as we can. It also requires that we further trim our operating costs. To address this, the Corporation is reviewing our organizational structure, operating methods and overall procurement spend for goods and services.

CBC/Radio-Canada is currently on track to meet its overall 2011-2012 business plan expectations, including overall advertising revenue targets for the year. However, the Corporation is closely monitoring its performance in light of the current economic uncertainty which started in the second quarter and is continuing.

Key factors that could impact the Corporation's results are summarized in the following table, which outlines changes in risks since the preparation of the last Annual Report. A full discussion of risks and mitigating strategies is included in the Annual Report.

▼ Decreasing ► Stable ▲ Increasing

Risk	Trend	Update
Government Funding The federal budget tabled on June 6, 2011 announced a review of direct program spending with an objective of ongoing annual savings by 2014-2015 of five per cent of the government's review base. Recently, the Government has indicated that the target savings may be up to 10 per cent of the review base.	▲	The government-wide Deficit Reduction Action Plan (formerly the Strategic and Operating Review) is proceeding. CBC/Radio-Canada is among 67 organizations that were asked to prepare two proposals as part of this review: one to meet a five per cent reduction and the other a 10 per cent reduction to operating appropriation. CBC/Radio-Canada is examining all aspects of operations, guided by the mandate set in the *Broadcasting Act* and our strategic plan: Strategy 2015. The outcome of the government review will be reported as part of federal budget 2012, expected in March 2012.
Economic Uncertainty A climate of economic uncertainty continues that could potentially impact our ability to meet advertising revenue targets.	▲	The Corporation is monitoring advertising revenue performance and developing contingency plans.
Regulatory Issues *Licence Renewals* Renewals for all CBC/Radio-Canada licences, including for specialty services, are set aside for the present. The eventual outcome of this hearing will set the terms and conditions of our CRTC licence over the next five years and will impact whether the Corporation is able to meet the objectives of Strategy 2015.	►	Following a request by the Corporation, the renewals for all CBC/Radio-Canada licences, including for specialty services, have been postponed at this time. The postponement will allow the Corporation time to review and assess the federal budget's announcement on the DRAP reduction to the Corporation's appropriation and to reflect these impacts in its renewal applications as appropriate.

Risk	Trend	Update
Over-the-Top Programming Services On May 25, 2011, the CRTC began a fact-finding exercise on "over-the-top" (OTT) programming accessed over the internet independent of a facility or network dedicated to its delivery.	►	On October 5, 2011, the CRTC determined that the findings of the fact-finding exercise were inconclusive. The Commission will continue to monitor the situation as the market evolves and will conduct another exercise in May 2012.
LPIF (Local Programming Improvement Fund) LPIF funding received by CBC/Radio-Canada for the fiscal year ending March 31, 2011, was $37 million. The LPIF is slated for review by August 31, 2012. The review could result in a change to the amount CBC/Radio-Canada receives from the Fund. The improvements CBC/Radio-Canada has already made to local television services as well as further improvements as part of our regional strategy, largely depend on the Fund's continued existence and CBC/Radio-Canada's ability to access it.	▲	The CRTC issued a public notice on December 19, 2011, announcing that it will hold hearings to review the LPIF in April 2012.
Vertical Integration CBC/Radio-Canada is the only major television broadcaster in Canada without distribution affiliations. There is concern that carriage terms offered by Broadcast Distribution Undertakings (BDUs) would favour their own associated specialty services. There is a risk that industry consolidation will create an increasingly competitive market for rights, with a few large players vying for the same properties.	▲	On September 21, 2011, the CRTC issued its regulatory framework for vertical integration. The CRTC made a number of policy decisions, including prohibiting exclusive agreements on mobile or retail internet access for programming designed primarily for conventional television, specialty, pay and video-on-demand (VOD) services; strengthening the access rules for unaffiliated, independent Category B specialty services; and adoption of a code of conduct to govern commercial arrangements and interaction. A number of follow up proceedings have been announced. On December 9, 2011, Bell Canada and Rogers Communication announced the purchase of Maple Leaf Sports Entertainment's majority stake from Ontario Teachers' Pension. Maple Leaf Sports Entertainment owns the Toronto Maple Leafs, Toronto Raptors, Toronto FC and the Toronto Marlies. The deal could create additional competition for sports rights.

Risk	Trend	Update
DTV Transition The CRTC deadline for transition to digital television (DTV) over-the-air transmission was August 31, 2011. The Corporation's plan is to install 27 transmitters across the country, one for every one of its originating television stations. For CBC/Radio-Canada, going digital in all of the CRTC's "mandatory markets" would require the replacement of 51 transmitters. The Corporation does not have the capital spending capacity to achieve that. The result is that some markets are facing the prospect of no longer receiving an over-the-air signal from CBC or Radio-Canada.	►	As at December 31, 2011, the number of digital transmitters in operation is 26 of a planned 27. The remaining transmitter (Yellowknife) is expected to be operational in the coming months. The CRTC gave the Corporation permission to continue broadcasting analog over-the-air television signals in mandatory markets via 22 transmitters until August 31, 2012. The nearly 620 hundred analog transmitters in operation across the country in non-mandatory markets have a limited remaining useful life.
Access to Information Contestation of Access to Information (ATI) exclusion clauses has potential for significant impact vis-à-vis the protection and enhancement of the "freedom of expression and journalistic, creative and programming independence" that is specifically provided for all broadcasting undertakings, and for CBC/Radio-Canada in particular, under the *Broadcasting Act*.	►	CBC/Radio-Canada confirmed that it has decided, after reviewing the judgment, not to appeal the Federal Court of Appeal ruling issued on November 23, 2011. The Court's ruling clearly upholds the absolute nature of the exclusion covering journalistic sources, with this type of information falling outside the Information Commissioner's power of examination.

5. Financial Reporting Disclosure

5.1 Transition to International Financial Reporting Standards

On April 1, 2011, the Corporation adopted IFRS for financial reporting, using a transition date of April 1, 2010. The consolidated condensed financial statements contained within this quarterly report are therefore prepared in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards, and with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standard Board. Previously, the Corporation prepared its financial statements in accordance with Canadian GAAP. The Corporation's IFRS accounting policies are provided in Note 3 to the June 30, 2011, consolidated condensed financial statements.

During the second quarter of 2011, the Corporation refined its amortization of deferred capital funding calculation under IFRS, and revised the transition to IFRS disclosures provided in note 5 to the consolidated condensed financial statements accordingly.

5.2 Future Accounting Standards

For a description of future changes in accounting standards, see Note 2.

5.3 Transactions with Related Parties

The Corporation, through the normal course of business, is involved in transactions with related parties. See Note 19.

6. Statement of Management Responsibility by Senior Officials

Management is responsible for the preparation and fair presentation of these condensed consolidated quarterly financial statements in accordance with IAS 34: Interim Financial Reporting, and for such internal controls as management determines is necessary to enable the preparation of condensed consolidated quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the condensed consolidated quarterly financial statements.

Based on our knowledge, these unaudited condensed consolidated quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Corporation, as at the date of and for the periods presented in the condensed consolidated quarterly financial statements.

Hubert T. Lacroix, President and Chief Executive Officer	Suzanne Morris, Vice-President and Chief Financial Officer

Ottawa, Canada
February 23, 2012

Condensed Consolidated Statement of Financial Position (unaudited)

(Canadian $)

(in thousands of dollars)	December 31, 2011	March 31, 2011
ASSETS		
Current		
Cash	87,705	63,224
Trade and other receivables (NOTE 6)	199,288	173,763
Programming (NOTE 7)	204,845	163,658
Merchandising inventory	1,145	1,089
Prepaid expenses (NOTE 8)	54,577	138,689
Promissory notes receivable	5,265	2,023
Net investment in finance lease	2,461	2,351
Derivative financial instruments (NOTE 20)	332	-
Asset classified as held for sale	234	154
	555,852	**544,951**
Long-term		
Property and equipment (NOTE 9)	1,048,325	1,080,595
Intangible assets	29,838	39,687
Assets under finance lease	50,242	56,242
Pension plan (NOTE 13)	88,467	148,769
Promissory notes receivable	50,451	51,765
Net investment in finance lease	54,716	56,577
Deferred charges	8,498	3,003
Investment in associate (NOTE 10)	6,495	17
	1,337,032	**1,436,655**
TOTAL ASSETS	**1,892,884**	**1,981,606**
LIABILITIES		
Current		
Accounts payable and accrued liabilities (NOTE 11)	81,009	126,801
Provisions (NOTE 12)	35,944	35,401
Pension plans and employee-related liabilities (NOTE 13)	113,682	136,512
Bonds payable	14,459	19,642
Financial liability related to the monetization of receivables	-	10,337
Obligations under finance leases	9,766	9,343
Notes payable	5,565	5,404
Deferred revenue	3,571	3,825
Deferred operating vote drawdown (NOTE 15)	78,818	-
Derivative financial instruments (NOTE 20)	-	715
	342,814	**347,980**
Long-term		
Investment in associate (NOTE 10)	-	1,417
Deferred revenue	2,934	2,726
Pension plans and employee-related liabilities (NOTE 13)	225,066	210,268
Bonds payable	288,533	299,237
Obligations under finance leases	56,642	64,136
Notes payable	118,861	124,353
Deferred capital funding	579,462	602,025
	1,271,498	**1,304,162**
Equity		
Retained earnings	276,113	322,201
Accumulated other comprehensive income	-	5,000
Total equity attributable to the Corporation	**276,113**	**327,201**
Non-controlling interests	**2,459**	**2,263**
TOTAL EQUITY	**278,572**	**329,464**
TOTAL LIABILITIES AND EQUITY	**1,892,884**	**1,981,606**

Commitments (NOTE 18)

The accompanying notes form an integral part of the condensed consolidated financial statements.

YOURS TO CELEBRATE

Condensed Consolidated Statement of Income (unaudited)

(Canadian $)

(in thousands of dollars)	Three months ended December 31		Nine months ended December 31	
	2011	2010	2011	2010
REVENUE (NOTE 14)				
Advertising	116,416	115,537	277,858	272,271
Specialty services	43,081	41,472	124,623	117,691
Other income	35,124	37,579	97,573	91,682
Finance income	1,346	1,350	4,134	3,752
	195,967	**195,938**	**504,188**	**485,396**
EXPENSES				
Television, radio and new media services costs	403,145	399,817	1,135,852	1,102,157
Specialty services	31,256	33,522	96,957	93,750
Transmission, distribution and collection	20,769	21,145	60,690	59,127
Corporate management	2,682	2,949	8,270	8,057
Payments to private stations	832	752	2,131	2,261
Finance costs	8,435	8,976	25,146	26,290
Share of loss (profit) in associate	422	8,720	(308)	8,973
	467,541	**475,881**	**1,328,738**	**1,300,615**
Operating loss before Government funding and non-operating items	**(271,574)**	**(279,943)**	**(824,550)**	**(815,219)**
GOVERNMENT FUNDING (NOTE 15)				
Parliamentary appropriation for operating expenditures	236,182	250,755	738,615	758,425
Parliamentary appropriation for working capital	1,000	1,000	2,999	2,999
Amortization of deferred capital funding	32,673	32,404	97,131	92,721
	269,855	**284,159**	**838,745**	**854,145**
Net results before non-operating items	**(1,719)**	**4,216**	**14,195**	**38,926**
NON-OPERATING ITEMS				
Gain (loss) on disposal of equipment (NOTE 9)	9,563	88	8,119	(416)
Dilution gain from merger transaction (NOTE 10)	-	-	25,775	-
Dividend income from merger transaction (NOTE 10)	-	-	5,094	-
	9,563	**88**	**38,988**	**(416)**
Net results for the period	**7,844**	**4,304**	**53,183**	**38,510**
Net results attributable to:				
The Corporation	7,776	4,270	53,031	38,503
Non-controlling interests	68	34	152	7
	7,844	4,304	53,183	38,510

The accompanying notes form an integral part of the condensed consolidated financial statements.

Condensed Consolidated Statement of Comprehensive Income (Loss) (unaudited)

(Canadian $)

(in thousands of dollars)	Three months ended December 31		Nine months ended December 31	
	2011	**2010**	**2011**	**2010**
COMPREHENSIVE INCOME				
Net results for the period	7,844	4,304	53,183	38,510
Other comprehensive income (loss)				
Actuarial gains (losses) on defined benefit plans	34,697	186,263	(99,119)	266,004
Net unrealized gain on available-for-sale financial assets	-	8,720	94	8,973
Reclassification to income of net unrealized gain on available-for-sale financial asset realized on merger transaction	-	-	(5,094)	-
Total comprehensive income (loss) for the period	**42,541**	**199,287**	**(50,936)**	**313,487**
Total comprehensive income (loss) attributable to:				
The Corporation	42,473	199,253	(51,088)	313,480
Non-controlling interests	68	34	152	7
	42,541	199,287	(50,936)	313,487

The accompanying notes form an integral part of the condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity (unaudited)

(Canadian $)

(in thousands of dollars)

Three months ended December 31, 2011	Retained earnings	Total accumulated other comprehensive income	Total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at September 30, 2011	233,640	-	233,640	2,347	235,987
Changes in period					
Net results for the period	7,776	-	7,776	68	7,844
Actuarial losses on post-retirement benefit plans	34,697	-	34,697	-	34,697
Issuance of shares by a subsidiary	-	-	-	44	44
Balance at December 31, 2011	**276,113**	**-**	**276,113**	**2,459**	**278,572**

Three months ended December 31, 2010	Retained earnings	Total accumulated other comprehensive income	Total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at September 30, 2010	205,993	(7,422)	198,571	253	198,824
Changes in period					
Net results for the period	4,270	-	4,270	34	4,304
Actuarial gains on post-retirement benefit plans	186,263	-	186,263	-	186,263
Net unrealized gain on available-for-sale financial assets	-	8,720	8,720	-	8,720
Other					
Balance at December 31, 2010	**396,526**	**1,298**	**397,824**	**287**	**398,111**

Nine months ended December 31, 2011	Retained earnings	Total accumulated other comprehensive income	Total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at March 31, 2011	322,201	5,000	327,201	2,263	329,464
Changes in period					
Net results for the period	53,031	-	53,031	152	53,183
Actuarial losses on post-retirement benefit plans	(99,119)	-	(99,119)	-	(99,119)
Net unrealized gain on available-for-sale financial assets	-	94	94	-	94
Reclassification to income of net unrealized gain on available-for-sale financial asset arising from merger transaction	-	(5,094)	(5,094)	-	(5,094)
Issuance of shares by a subsidiary	-	-	-	44	44
Balance at December 31, 2011	**276,113**	**-**	**276,113**	**2,459**	**278,572**

Nine months ended December 31, 2010	Retained earnings	Total accumulated other comprehensive income	Total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at April 1st, 2010	92,019	(7,675)	84,344	280	84,624
Changes in period					
Net results for the period	38,503	-	38,503	7	38,510
Actuarial gains on post-retirement benefit plans	266,004	-	266,004	-	266,004
Net unrealized gain on available-for-sale financial assets	-	8,973	8,973	-	8,973
Balance at December 31, 2010	**396,526**	**1,298**	**397,824**	**287**	**398,111**

The accompanying notes form an integral part of the condensed consolidated financial statements.

Condensed Consolidated Statement of Cash Flows (unaudited)

(Canadian $)

(in thousands of dollars)	Three months ended December 31		Nine months ended December 31	
	2011	2010	2011	2010
CASH FLOWS FROM (USED IN)				
OPERATING ACTIVITIES				
Net results for the period	7,844	4,304	53,183	38,510
Adjustments for:				
Loss (gain) on disposal of property and equipment (NOTE 9)	(9,563)	(88)	(8,119)	416
Interest revenue	(2,113)	(2,153)	(6,465)	(6,186)
Finance costs	8,435	8,976	25,146	26,290
Change in fair value of financial instruments designated as at fair value through profit and loss	477	338	(1,047)	96
Depreciation of property and equipment	30,808	27,752	90,277	83,813
Amortization of intangible assets	4,405	4,994	12,662	13,844
Depreciation of assets under finance lease	2,000	1,763	6,000	5,289
Reclassification to income of net unrealized gain on available-for-sale financial asset arising from merger transaction	-	-	(5,094)	-
Share of loss (profit) on investment in associate	422	8,720	(308)	8,973
Dilution gain from merger transaction	-	-	(25,775)	-
Amortization of deferred charges	143	175	579	12,861
Amortization of deferred capital funding	(32,673)	(32,404)	(97,131)	(92,721)
Change in deferred operating appropriation	78,818	(4,516)	78,818	61,153
Change in deferred revenues [long-term]	(55)	128	208	320
Change in pension plan asset	(17,077)	(24,643)	(26,948)	(24,643)
Change in pension plans and employee-related liabilities [current]	6,989	4,153	6,405	1,861
Change in pension plans and employee-related liabilities [long-term]	965	15,890	2,929	4,563
Change in non-controlling interests	44	299	44	1,983
Accretion of promissory notes	(50)	-	(100)	-
Movements in working capital (NOTE 17)	(65,285)	(5,053)	(62,604)	(48,285)
	14,534	**8,635**	**42,660**	**88,137**
FINANCING ACTIVITIES				
Government funding (NOTE 15):				
Capital funding	24,000	24,000	74,568	73,500
Issuance and repayment of financial liabilities related to the monetization of receivables	-	(131)	-	(131)
Repayment of obligation under finance lease	(2,351)	(1,840)	(7,068)	(5,565)
Repayment of bonds	(5,062)	(4,702)	(9,941)	(9,233)
Repayment of notes	(2,734)	(2,609)	(5,404)	(4,897)
Interest paid	(15,550)	(16,112)	(32,419)	(32,883)
	(1,697)	**(1,394)**	**19,736**	**20,791**
INVESTING ACTIVITIES				
Acquisition of property and equipment	(19,771)	(27,123)	(60,883)	(56,750)
Acquisition of intangible assets	(1,204)	(2,319)	(2,112)	(3,276)
Return of capital investment in associate	-	-	9,855	-
Acquisition of long-term investment	-	-	-	(2,750)
Deferred charges relating to programming rights	997	-	(6,074)	-
Proceeds from disposal of property and equipment	9,848	531	10,212	1,173
Dividend received	-	-	5,094	-
Interest received	1,980	1,951	5,993	5,398
	(8,150)	**(26,960)**	**(37,915)**	**(56,205)**
Change in cash	**4,687**	**(19,719)**	**24,481**	**52,723**
Cash, beginning of the period	**83,018**	**125,612**	**63,224**	**53,170**
Cash, end of the period	**87,705**	**105,893**	**87,705**	**105,893**

The accompanying notes form an integral part of the condensed consolidated financial statements.

YOURS TO CELEBRATE

Notes to the Condensed Consolidated Financial Statements for the 3 and 9-month Periods Ended December 31, 2011

(Canadian $)

(unaudited)

1. General Information

CBC | Radio-Canada (the Corporation) is a federal Crown Corporation domiciled in Canada and subject to federal corporate income tax by virtue of the Income Tax Act (Canada) and the Regulations thereto. The address of the Corporation's registered office is 181 Queen Street, Ottawa ON K1P 1K9. CBC | Radio-Canada is not subject to any provincial corporate income taxes but is subject to sales taxes at both the federal and provincial levels.

As the national public broadcaster, the Corporation provides radio, television and new media services in both official languages incorporating predominantly and distinctively Canadian programs to reflect Canada and its regions to national and regional audiences.

These condensed consolidated financial statements have been authorized for issuance by the Board of Directors on February 23, 2012.

2. Changes in Accounting Policies

A. Policies Used in Annual Financial Statements

The Accounting Standards Board (AcSB) confirmed in February 2008 that International Financial Reporting Standards (IFRS) will replace Canadian generally accepted accounting principles (Canadian GAAP) for publicly accountable enterprises for financial periods beginning on and after January 1, 2011. Under the Public Sector Accounting Standards, the Corporation is now classified as "other government organization." As such, the Corporation was required to assess the most appropriate basis of accounting. After assessing various factors, the Corporation determined that IFRS constitutes the most appropriate basis of accounting. Accordingly, the Corporation has adopted IFRS effective April 1, 2011.

These interim condensed consolidated financial statements were prepared using the accounting policies the Corporation expects to adopt in its March 31, 2012 annual consolidated financial statements. In preparing the Corporation's first IFRS annual consolidated financial statements the Corporation is required to use the standards in effect as at March 31, 2012, which may differ from the policies the Corporation currently expects to adopt and has used in these financial statements. Differences may arise as a result of new standards being issued, with an effective date of March 31, 2012 or prior, before the preparation of the Corporation's March 31, 2012 annual consolidated financial statements. A change in the accounting policies used may result in material changes to the Corporation's reported financial position, results of operations and cash flows.

2. Changes in Accounting Policies *(Continued)*

B. Future Accounting Changes

The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Corporation. The Corporation is currently assessing the potential impact of each pronouncement on its consolidated financial statements.

IFRS 7 Amendments to IFRS 7, Financial Instruments: Disclosures

IFRS 7 was amended in October 2010 to provide additional disclosure on the transfer of financial assets including the possible effects of any residual risks that the transferring entity retains. These amendments are effective for annual reporting periods beginning after July 1, 2011.

IFRS 9 Financial Instruments

IFRS 9, issued in November 2009 and amended in October 2010, is part of a multi-step project to replace current IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 has adopted an approach based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of its financial assets and liabilities. On December 16, 2011,the IASB published amendments that defer the mandatory effective date for IFRS 9 to annual periods beginning on or after January 1, 2015.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaced IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation-Special Purpose Entities*. The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This Standard will become effective for annual periods beginning on or after January 1, 2013.

IFRS 11 Joint Arrangements

IFRS 11, issued in May 2011, supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*. IFRS 11 focuses on the rights and obligations of a joint arrangement, rather than its legal form as is currently the case under IAS 31. The standard addresses inconsistencies in the reporting of joint arrangements by requiring the equity method to account for interests in jointly controlled entities. IFRS 11 will become effective for annual periods beginning on or after January 1, 2013.

2. Changes in Accounting Policies *(Continued)*

IFRS 12 Disclosure of Interest in Other Entities

IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. It aims at enabling users of financial statements to evaluate the nature of, and risk associated with, the Corporation's interest in other entities and the effects of those interests on its financial position, financial performance and cash flows. IFRS 12 will become effective for annual periods beginning on or after January 1, 2013.

IFRS 13 Fair Value Measurement

IFRS 13 defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurement. This Standard will become effective for annual periods beginning on or after January 1, 2013.

IAS 1 Amendments to IAS 1, Presentation of financial statements

IAS 1 was amended in June 2011 to retain the "one or two statement" approach at the option of the entity and only revise the way other comprehensive income is presented: requiring separate subtotals for those elements which may be "recycled" (e.g. cash-flow hedging, foreign currency translation), and those elements that will not (e.g. fair value through other comprehensive income items under IFRS 9). These amendments will become effective for annual periods beginning on or after July 1, 2012.

IAS 12 Amendments to IAS 12, Income Taxes

IAS 12 was amended in December 2010 to provide an exception to the general principle in IAS 12 that the measurement of deferred tax assets and liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of the asset. The amendments to IAS 12 are effective for annual reporting periods beginning on or after January 1, 2012.

IAS 19 Amendments to IAS 19, Employee Benefits

IAS 19 was amended in June 2011 to eliminate the option to defer the recognition of gains and losses, to amend the presentation of changes in the defined benefit obligation and plan assets on the Statement of Comprehensive Income (Loss), to require the net interest to be calculated by using a high quality corporate bond yield as well as to improve disclosure about the risks arising from defined benefit plans. These amendments are effective for annual periods beginning on or after January 1, 2013.

IAS 28 Investments in Associates and Joint Ventures

IAS 28 was amended in 2011 and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 is effective for annual periods beginning on or after January 1, 2013.

3. Significant Accounting Policies

A. Statement of Compliance

The Corporation prepared these condensed consolidated financial statements in accordance with Section 83 of the *Financial Administration Act*, International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and IFRS 1 *First-time Adoption of International Financial Reporting Standards* as issued by the International Accounting Standards Board (IASB).

These financial statements are part of the period covered by the first annual IFRS financial statements and IFRS 1, First-*Time Adoption of International Financial Reporting Standards* has been applied. For an explanation of how the transition to IFRS has affected the reported financial position of the Corporation please refer to Note 5 of these interim condensed consolidated financial statements.

The IFRS accounting policies that are set out in the Corporation's interim condensed consolidated financial statements for the three-month period ended June 30, 2011 were consistently applied to all periods presented. They were also applied in preparing the IFRS statement of financial position as at April 1, 2010 for the purpose of transition to IFRS, as required by IFRS 1. Please refer to Note 3 of the Corporation's interim condensed consolidated financial statements for the three-month period ended June 30, 2011 for a complete description of the Corporation's accounting policies.

These interim condensed consolidated financial statements are intended to provide an update on the latest complete set of annual financial statements and of the Corporation's first interim condensed consolidated financial statements prepared under IFRS for the three-month period ended June 30, 2011. Accordingly they do not include all of the information required for annual financial statements and should be read in conjunction with the Corporation's most recent audited annual consolidated financial statements and the Corporation's interim condensed financial statements for the three-month period ended June 30, 2011.

B. Basis of Preparation

Section 83 of the Financial Administration Act requires that most parent Crown Corporations prepare and make public quarterly financial reports for periods beginning on or after April 1, 2011 compliant with the Standard on Quarterly Financial Reports for Crown Corporations.

These consolidated interim financial statements are presented on a condensed basis as permitted by IAS 34 and therefore do not include all disclosures that would otherwise be required in a full set of financial statements. The condensed consolidated interim financial statements are unaudited for all periods presented.

4. Key Sources of Estimation Uncertainty and Critical Judgements

A. Key Sources of Estimation Uncertainty

The preparation of these condensed consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses recorded during the period.

The critical estimates and assumptions utilized in preparing the Corporation's condensed consolidated financial statements affect the assessment of pension plans and employee-related liabilities, estimated useful lives of property and equipment, intangibles and programming, provisions associated with legal claims and other contingencies.

In making estimates and using assumptions, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates and assumptions have been applied in a manner consistent with prior periods and there are no known commitments, events or uncertainties that we believe will materially affect the methodology or assumptions utilized in making these estimates in these condensed consolidated financial statements. Estimates are regularly reviewed by management and changes in those estimates are recognized prospectively by including them in the Condensed Consolidated Statement of Income in the period of the change, if the change affects that period only; or the period of the change and future periods, if the change affects both. Actual results could significantly differ from those estimates.

As mentioned in the above paragraph, when accounting for defined benefit pension plans, assumptions are made in determining the valuation of benefit obligations and the future performance of plan assets. The primary assumptions and estimates include the discount rate and the expected return on plan assets. Changes to these primary assumptions and estimates would impact amounts recognized in net operating results and amounts recognized in Other Comprehensive Income, as applicable. Differences between the actual and expected return on plan assets would also impact the amounts recognized in Other Comprehensive Income.

4. Key Sources of Estimation Uncertainty and Critical Judgements *(Continued)*

B. Critical Judgements

The critical judgements that the Corporation's management has made in the process of applying the Corporation's accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognized in the Corporation's condensed consolidated financial statements are as follows:

- That the Corporation exercises significant influence over Canadian Satellite Radio Holdings Inc. following the merger transaction and through to the balance sheet date;
- The determination that the Corporation bears the majority of the risk associated with the collection of the CBC Monetization Trust receivables through the guarantee it has provided and as such, should consolidate this entity;
- The determination that an arrangement for satellite transponders constitutes a lease under IFRIC 4 and the determination that both this lease and the one related to a mobile production vehicle meet the criteria of a finance lease; and
- The determination that, as of the reporting date, deferred tax assets should not be recognized as it is not probable that they will be recovered through future taxable profit.

Determinations of critical judgements are reassessed at each reporting date.

5. Transition to IFRS

A. Transition to IFRS

The Corporation has applied IFRS 1 in preparing these condensed consolidated financial statements. The accounting policies set out in Note 3 of the Corporation's first quarterly report have been applied in preparing the condensed consolidated financial statements for the period ended December 31, 2011 and the comparative information presented in these condensed consolidated financial statements for the period ended December 31, 2010.

In preparing these condensed consolidated financial statements, the Corporation has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP, namely the Statement of Financial Position. An explanation of how the transition from Canadian GAAP to IFRS has affected the Corporation's financial position, financial performance and cash flows is set out in the following tables and the notes that follow.

In preparing these condensed consolidated financial statements in accordance with IFRS 1, the Corporation has applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of IFR

YOURS TO CELEBRATE

5. Transition to IFRS *(Continued)*

B. Exemptions from Full Retrospective Application Elected by the Corporation

The Corporation has elected to apply the following optional exemptions from full retrospective application:

i) Business combinations exemption

The Corporation elected not to apply IFRS 3 *Business Combinations*, retrospectively to business combinations prior to the date of transition.

ii) Fair value as deemed cost exemption

Under IFRS, the Corporation has elected to apply the fair value as deemed cost exemption in IFRS 1 to certain land and building assets as at the date of transition.

iii) Employee benefits exemption

The Corporation has elected to use the exemption provided by IFRS 1 to recognize all cumulative actuarial gains and losses at the date of transition and to provide historical disclosure of the defined benefit obligations, plans assets and experience adjustments only from transition date.

iv) Leases

The Corporation has elected to take the option to apply the IFRS 1 exemption in relation to IFRIC 4 *Determining Whether and Arrangement Contains a Lease*, which allowed the Corporation to determine whether an arrangement existing at the date of transition to IFRS contained a lease on the basis of facts and circumstances existing at that date.

v) Borrowing costs

The Corporation has elected to apply IAS 23 from April, 1 2010 to alleviate the need to retrospectively restate for borrowing costs directly attributable to the acquisition of qualifying assets.

5. Transition to IFRS *(Continued)*

C. Consolidated Statement of Financial Position and Equity Reconciliations

	April 1, 2010							
	Canadian GAAP	PE and DCF[1]	Lease[2]	SPE[3]	Pension[4]	Long-term Investment[5]	Provisions[6]	IFRS
(in thousands of dollars)		(i)	(ii)	(iii)	(iv)	(v)	(vi)	
Assets								
Current								
Cash	50,003	-	-	3,167	-	-	-	**53,170**
Trade and other receivables	194,512	-	-	63	-	-	-	**194,575**
Programming	178,243	-	-	-	-	-	-	**178,243**
Merchandising inventory	1,703	-	-	-	-	-	-	**1,703**
Prepaid expenses	148,215	-	-	349	-	-	-	**148,564**
Promissory notes receivable	-	-	-	2,047	-	-	-	**2,047**
Net investment in finance lease	-	-	-	2,182	-	-	-	**2,182**
	572,676	**-**	**-**	**7,808**	**-**	**-**	**-**	**580,484**
Long-term								
Property and equipment	925,812	162,377	-	-	-	-	-	**1,088,189**
Intangible assets	47,725	-	-	-	-	-	-	**47,725**
Assets under finance lease	-	-	55,591	-	-	-	-	**55,591**
Long-term receivables	10,090	-	-	-	-	-	-	**10,090**
Promissory notes receivable	-	-	-	53,638	-	-	-	**53,638**
Net investment in finance lease	-	-	-	58,960	-	-	-	**58,960**
Deferred charges	16,467	-	-	-	-	-	-	**16,467**
Investment in associate	7,260	-	-	-	-	-	-	**7,260**
	1,007,354	**162,377**	**55,591**	**112,598**	**-**	**-**	**-**	**1,337,920**
Total Assets	**1,580,030**	**162,377**	**55,591**	**120,406**	**-**	**-**	**-**	**1,918,404**

[1] Property and equipment and deferred capital funding
[2] Transponders under finance lease
[3] Consolidation of Special Purpose Entity
[4] Pension plans and employee-related liabilities
[5] Long-term investments – fair value adjustment
[6] Reclassification of provision from accounts payable and accrued liabilities

5. Transition to IFRS *(Continued)*

	April 1, 2010							
	Canadian GAAP	PE and DCF [1]	Lease [2]	SPE [3]	Pension [4]	Long-term Investment [5]	Provisions [6]	IFRS
(in thousands of dollars)		(i)	(ii)	(iii)	(iv)	(v)	(vi)	
Liabilities								
Current								
Accounts payable and accrued liabilities	176,497	-	-	1,735	-	-	(50,070)	**128,162**
Provisions	-	-	-	-	-	-	50,070	**50,070**
Pension plans and employee-related liabilities	130,899	-	-	-	-	-	-	**130,899**
Bonds payable	19,223	-	-	-	-	-	-	**19,223**
Financial guarantee	10,419	-	-	(10,419)	-	-	-	**-**
Financial liability related to the monetization of receivables	10,174	-	-	-	-	-	-	**10,174**
Obligations under finance leases	-	-	7,300	-	-	-	-	**7,300**
Notes payable	-	-	-	4,897	-	-	-	**4,897**
Deferred revenue	2,185	-	-	-	-	-	-	**2,185**
Derivative financial instruments	297	-	-	-	-	-	-	**297**
	349,694	**-**	**7,300**	**(3,787)**	**-**	**-**	**-**	**353,207**

[1] Property and equipment and deferred capital funding
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5. Transition to IFRS *(Continued)*

	April 1, 2010							
	Canadian GAAP	PE and DCF [1]	Lease [2]	SPE [3]	Pension [4]	Long-term Investment [5]	Provisions [6]	IFRS
(in thousands of dollars)		(i)	(ii)	(iii)	(iv)	(v)	(vi)	
Liabilities								
Long-term								
Associate	1,417	-	-	-	-	-	-	**1,417**
Deferred revenue	2,303	-	-	-	-	-	-	**2,303**
Pension plans and employee-related liabilities	412,732	-	-	-	(82,825)	-	-	**329,907**
Bonds payable	309,179	-	-	-	-	-	-	**309,179**
Financial liability related to the monetization of receivables	10,221	-	-	-	-	-	-	**10,221**
Obligations under finance leases	-	-	65,676	-	-	-	-	**65,676**
Notes payables	-	-	-	129,649	-	-	-	**129,649**
Deferred capital funding	632,221	-	-	-	-	-	-	**632,221**
	1,368,073	**-**	**65,676**	**129,649**	**(82,825)**	**-**	**-**	**1,480,573**
Equity								
Retained earnings	(138,017)	162,377	(17,385)	(5,456)	82,825	7,675	-	**92,019**
Accumulated other comprehensive income (loss)	-	-	-	-	-	(7,675)	-	**(7,675)**
Total equity attributable to the Corporation	(138,017)	162,377	(17,385)	(5,456)	82,825	-	-	**84,344**
Non-controlling interests	280	-	-	-	-	-	-	**280**
Total Equity	**(137,737)**	**162,377**	**(17,385)**	**(5,456)**	**82,825**	**-**	**-**	**84,624**
Total Liabilities and Equity	**1,580,030**	**162,377**	**55,591**	**120,406**	**-**	**-**	**-**	**1,918,404**

1 Property and equipment and deferred capital funding
2 Transponders under finance lease
3 Consolidation of Special Purpose Entity
4 Pension plans and employee-related liabilities
5 Long-term investments - fair value adjustment
6 Reclassification of provision from accounts payable and accrued liabilities

5. Transition to IFRS *(Continued)*

	March 31, 2011						
	Canadian GAAP	PE and DCF[1]	Lease[2]	SPE[3]	Pension[4]	Provisions[5]	IFRS
(in thousands of dollars)		(i)	(ii)	(iii)	(iv)	(vi)	
Assets							
Current							
Cash	59,001	-	-	4,223	-	-	**63,224**
Trade and other receivables	173,390	-	-	373	-	-	**173,763**
Programming	163,658	-	-	-	-	-	**163,658**
Merchandising inventory	1,089	-	-	-	-	-	**1,089**
Prepaid expenses	138,361	-	-	328	-	-	**138,689**
Promissory notes receivable	-	-	-	2,023	-	-	**2,023**
Net investment in finance lease	-	-	-	2,351	-	-	**2,351**
Asset classified as held for sale	154	-	-	-	-	-	**154**
	535,653	**-**	**-**	**9,298**	**-**	**-**	**544,951**
Long-term							
Property and equipment	925,775	154,820	-	-	-	-	**1,080,595**
Intangible assets	39,687	-	-	-	-	-	**39,687**
Assets under finance lease	7,704	-	48,538	-	-	-	**56,242**
Pension plans	-	-	-	-	148,769	-	**148,769**
Long-term receivables	-	-	-	-	-	-	**-**
Promissory notes receivable	-	-	-	51,765	-	-	**51,765**
Net investment in finance lease	-	-	-	56,577	-	-	**56,577**
Deferred charges	3,003	-	-	-	-	-	**3,003**
Investment in associate	17	-	-	-	-	-	**17**
	976,186	**154,820**	**48,538**	**108,342**	**148,769**	**-**	**1,436,655**
Total Assets	**1,511,839**	**154,820**	**48,538**	**117,640**	**148,769**	**-**	**1,981,606**

[1] Property and equipment and deferred capital funding
[2] Transponders under finance lease
[3] Consolidation of Special Purpose Entity
[4] Pension plans and employee-related liabilities
[5] Reclassification of provision from accounts payable and accrued liabilities

5. Transition to IFRS *(Continued)*

	March 31, 2011						
	Canadian GAAP	PE and DCF[1]	Lease[2]	SPE[3]	Pension[4]	Provisions[5]	IFRS
(in thousands of dollars)		(i)	(ii)	(iii)	(iv)	(vi)	
Liabilities							
Current							
Accounts payable and accrued liabilities	151,220	-	-	2,792	-	(28,676)	**125,336**
Provisions	-	-	-	-	-	28,676	**28,676**
Pension plans and employee-related liabilities	144,703	-	-	-	-	-	**144,703**
Bonds payable	19,642	-	-	-	-	-	**19,642**
Financial guarantee	9,811	-	-	(9,811)	-	-	**-**
Financial liability related to the monetization of receivables	10,337	-	-	-	-	-	**10,337**
Obligations under finance leases	1,540	-	7,802	-	-	-	**9,342**
Notes payable	-	-	-	5,404	-	-	**5,404**
Deferred revenue	3,825	-	-	-	-	-	**3,825**
Derivative financial instruments	715	-	-	-	-	-	**715**
	341,793	**-**	**7,802**	**(1,615)**	**-**	**-**	**347,980**
Long-term							
Associate	1,417	-	-	-	-	-	**1,417**
Deferred revenue	2,726	-	-	-	-	-	**2,726**
Pension plans and employee-related liabilities	411,350	-	-	-	(201,082)	-	**210,268**
Bonds payable	299,237	-	-	-	-	-	**299,237**
Obligations under finance leases	6,263	-	57,873	-	-	-	**64,136**
Notes payables	-	-	-	124,353	-	-	**124,353**
Deferred capital funding	609,428	(7,403)	-	-	-	-	**602,025**
	1,330,421	**(7,403)**	**57,873**	**124,353**	**(201,082)**	**-**	**1,304,162**
Equity							
Retained earnings	(167,638)	162,223	(17,137)	(5,098)	349,851	-	**322,201**
Accumulated other comprehensive income	5,000	-	-	-	-	-	**5,000**
Total equity attributable to the Corporation	(162,638)	162,223	(17,137)	(5,098)	349,851	-	**327,201**
Non-controlling interests	2,263	-	-	-	-	-	**2,263**
Total Equity	**(160,375)**	**162,223**	**(17,137)**	**(5,098)**	**349,851**	**-**	**329,464**
Total Liabilities and Equity	**1,511,839**	**154,820**	**48,538**	**117,640**	**148,769**	**-**	**1,981,606**

[1] Property and equipment and deferred capital funding
[2] Transponders under finance lease
[3] Consolidation of Special Purpose Entity
[4] Pension plans and employee-related liabilities
[5] Reclassification of provision from accounts payable and accrued liabilities

5. Transition to IFRS *(Continued)*

D. Consolidated Statement of Income (Loss) and Reconciliations

	For the year ended March 31, 2011							
	Canadian GAAP	PE and DCF [1]	Lease [2]	SPE [3]	Pension [4]	Long-term Investment [5]	Presentation [6]	IFRS
(in thousands of dollars)		(i)	(ii)	(iii)	(iv)	(v)	(vii)	
Revenue								
Advertising	367,700	-	-	-	-	-	-	**367,700**
Specialty services	152,971	-	-	-	-	-	-	**152,971**
Other income	127,771	(103)	-	3,228	-	-	2,857	**133,753**
Financing income	1,506	-	-	3,690	-	-	-	**5,196**
	649,948	**(103)**	**-**	**6,918**	**-**	**-**	**2,857**	**659,620**
Expenses								
Television, radio and new media services costs	1,476,778	-	-	-	(28,281)	-	105,192	**1,553,689**
Specialty services	133,273	-	-	-	-	-	(1,185)	**132,088**
Depreciation of property and equipment	112,656	7,454	7,053	-	-	-	(127,163)	**-**
Amortization intangible assets	17,887	-	-	-	-	-	(17,887)	**-**
Transmission, distribution and collection	54,573	-	(12,030)	-	(932)	-	40,520	**82,131**
Corporate management	12,804	-	-	247	(250)	-	523	**13,324**
Payments to private stations	3,018	-	-	-	-	-	-	**3,018**
Finance costs	23,557	-	4,730	6,313	-	-	-	**34,600**
Loss on investment in associate	5,000	-	-	-	-	7,675	-	**12,675**
	1,839,546	**7,454**	**(247)**	**6,560**	**(29,463)**	**7,675**	**-**	**1,831,525**
Operating loss before Government funding and non-operating items	**(1,189,598)**	**(7,557)**	**247**	**358**	**29,463**	**(7,675)**	**2,857**	**(1,171,905)**

[1] Property and equipment and deferred capital funding
[2] Transponders under finance lease
[3] Consolidation of Special Purpose Entity
[4] Pension plans and employee-related expenses
[5] Long-term investments - fair value adjustment
[6] Change in presentation of the Consolidated Statement of Income (Loss)

5. Transition to IFRS *(Continued)*

	For the year ended March 31, 2011							
	Canadian GAAP	PE and DCF[1]	Lease[2]	SPE[3]	Pension[4]	Long-term Investment[5]	Presentation[6]	IFRS
(in thousands of dollars)		(i)	(ii)	(iii)	(iv)	(v)	(vii)	
Government Funding								
Parliamentary appropriation for operating expenditures	1,031,581	-	-	-	-	-	-	**1,031,581**
Parliamentary appropriation for working capital	4,000	-	-	-	-	-	-	**4,000**
Amortization of deferred capital funding	124,357	7,403	-	-	-	-	-	**131,760**
	1,159,938	**7,403**	**-**	**-**	**-**	**-**	**-**	**1,167,341**
Net results before non-operating items	**(29,660)**	**(154)**	**247**	**358**	**29,463**	**(7,675)**	**2,857**	**(4,564)**
Non-operating items								
Loss on disposal of equipment	-	-	-	-	-	-	(2,857)	**(2,857)**
	-	**-**	**-**	**-**	**-**	**-**	**(2,857)**	**(2,857)**
Net results for the year	**(29,660)**	**(154)**	**247**	**358**	**29,463**	**(7,675)**	**-**	**(7,421)**
Net results attributable to:								
The Corporation	(29,621)	(154)	247	358	29,463	(7,675)	-	**(7,382)**
Non-controlling interests	(39)	-	-	-	-	-	-	**(39)**
	(29,660)	**(154)**	**247**	**358**	**29,463**	**(7,675)**	**-**	**(7,421)**

[1] Property and equipment and deferred capital funding
[2] Transponders under finance lease
[3] Consolidation of Special Purpose Entity
[4] Pension plans and employee-related expenses
[5] Long-term investments – fair value adjustment
[6] Change in presentation of the Consolidated Statement of Income (Loss)

5. Transition to IFRS *(Continued)*

E. Consolidated Statement of Comprehensive Income (Loss) and Reconciliations

	For the year ended March 31, 2011						
	Canadian GAAP	PE and DCF[1]	Lease[2]	SPE[3]	Pension[4]	Long-term Investment[5]	IFRS
(in thousands of dollars)		(i)	(ii)	(iii)	(iv)	(v)	
Comprehensive Income							
Net results for the year	**(29,660)**	**(154)**	**247**	**358**	**29,463**	**(7,675)**	**(7,421)**
Other comprehensive income							
Actuarial gains on defined benefit plans	-	-	-	-	237,563	-	**237,563**
Reclassification to income of net unrealized gain on available-for-sale financial asset arising from a merger transaction	5,000	-	-	-	-	7,675	**12,675**
Total comprehensive income (loss) for the year	**(24,660)**	**(154)**	**247**	**358**	**267,026**	**-**	**242,817**
Total comprehensive income (loss) attributable to:							
The Corporation	(24,621)	(154)	247	358	267,026	-	**242,856**
Non-controlling interests	(39)	-	-	-	-	-	**(39)**
	(24,660)	**(154)**	**247**	**358**	**267,026**	**-**	**242,817**

[1] Property and equipment and Deferred capital funding
[2] Transponders under finance lease
[3] Consolidation of Special Purpose Entity
[4] Pension plans and employee-related expenses
[5] Long-term investments - fair value adjustment

5. Transition to IFRS *(Continued)*

F. Explanations to the Reconciliation Tables

i) Property and equipment and deferred capital funding

Under IFRS, the Corporation has elected to apply the fair value deemed cost exemption in IFRS 1 to certain real estate land and buildings. The fair value deemed cost as of the date of transition is $588.9 million. The effect of this election was to increase Property and equipment by $162.4 million at April 1, 2010, and to increase Depreciation expense by $7.5 million for the year ended March 31, 2011. As a result of the change in asset values caused by the deemed cost election, the gain on disposal of assets for the year ended March 31, 2011 was decreased by $0.1 million.

During the second quarter of 2011, the Corporation refined its amortization of deferred capital funding calculation under IFRS. As such, and consistent with the disclosures of the second quarter, the reconciliations in this note reflect an increase in the amortization of deferred capital funding as of March 31, 2011 by $7.4 million and a resulting decrease in deferred capital funding by $7.4 million to reflect the impact of the new depreciation methodology under IFRS.

ii) Lease

As a result of the application of IFRIC 4 at the transition date, an agreement to lease satellite capacity was determined to be a finance lease under IFRS. As a result, the Corporation recognized Assets under finance lease of $55.6 million, and an Obligation under finance lease (short and long-term) of $7.3 million and $65.7 million, respectively. Net results for the year ended March 31, 2011 were also impacted: Depreciation expense increased by $7.1 million, Finance costs increased by $4.7 million and Transmission, distribution and collection expense decreased by $12.0 million.

iii) Consolidation of Special Purpose Entity

Unlike GAAP, there is no accounting concept of a Qualified Special Purpose Entity (QSPE) under IFRS. Instead, an entity must apply the guidelines provided by IAS 27 *Consolidated and Separate Financial Statements*, as well as SIC 12 *Consolidation - Special Purpose Entities*. In following these guidelines, the Corporation has concluded that it bears the majority of the risk associated with the collection of the receivables through the guarantee it has provided. In addition, the management structure of the CBC Monetization Trust meets the “autopilot” criteria outlined in SIC 12. As a result, the Corporation has consolidated the CBC Monetization Trust under IFRS.

iv) Pension plans and employee-related liabilities and expenses

In addition to the transitional adjustment required by the Corporation’s election under IFRS 1 related to employee benefits, other retrospective adjustments to the Corporation’s pension plans and employee-related liabilities were required in order to comply with IAS 19 *Employee Benefits*. These adjustments, which were related to the discount rates used in determining the total benefit obligations, decreased the total liability by $134.7 million, which was partly offset by the $51.9 million increase caused by the Corporation’s IFRS 1 election, for a net decrease of $82.8 million.

As a result of the adoption of IAS 19, Other comprehensive income for the year ended March 31, 2011 increased by $237.6 million due to the recognition of actuarial gains earned during the period. This adjustment was recorded directly through Retained earnings. Also for the year ended March 31, 2011, pension plans and employee-related expenses were decreased by $29.5 million.

5. Transition to IFRS *(Continued)*

v) Long-term investments – fair value adjustment

The Class C shares that were held by the Corporation as part of its investment in Sirius Canada were treated as available-for-sale financial instruments and measured at cost as there was no quoted market price. IFRS demands that a valuation be made, unless the range in estimates is considered to be too great as to render them unreliable. The impact of this valuation was offset against the Class A shares held by the Corporation, creating no impact on the opening net balance in the Corporation's investment in Sirius Canada Inc. However, the impact of revaluing the Class C shares was recorded though Other comprehensive income (loss), while the impact on the Class A shares was recorded through Net results. The net impact on Total comprehensive income (loss) was nil.

vi) Reclassification of provision from accounts payable and accrued liabilities

IAS 1 *Presentation of financial statements* specifically requires a separate line on the Condensed Consolidated Statement of Financial Position for the provisions that have been recorded by the Corporation. As such, amounts have been reclassified from Accounts payable and accrued liabilities to the newly created line Provisions.

vii) Change in presentation of the Consolidated Statement of Income (Loss)

The Corporation has chosen to classify its expenses on its Consolidated Statement of Income (Loss) by function as opposed to nature, with depreciation and amortization expenses reallocated accordingly to the other expense types.

In addition, losses on disposal of equipment are now presented on a separate line on the Consolidated Statement of Income (Loss) in the Non-operating items section of the statement. Previously, the amounts were included in Revenue as part of Other income.

viii) Statement of Cash flows

As a result of accounting policy choices made by the Corporation under IAS 7 *Statement of Cash Flows*, the presentation of certain items on the Condensed Consolidated Statement of Cash Flows has changed, namely the presentation of dividends received as an investing activity (as opposed to an operating activity as required under Canadian GAAP) and the reclassification from operating activities of interest paid to financing activities and interest received to investing activities. In addition, the previously discussed changes affecting the Condensed Consolidated Statement of Financial Position and the Condensed Consolidated Statement of Income have also changed certain amounts previously presented in the Consolidated Statement of Cash Flows.

6. Trade and Other Receivables

(in thousands of dollars)	**December 31, 2011**	**March 31, 2011**
Trade receivables	184,770	159,037
Allowance for doubtful accounts	(1,637)	(1,103)
Other	16,155	15,829
	199,288	**173,763**

Credit terms average 30 days. The Corporation recognizes an allowance for doubtful accounts for receivables where there is objective evidence of impairment. Objective evidence of impairment for a group of receivables could include the Corporation's past experience of collecting payments, an increase in the number of delayed payments past the average credit terms as well as observable changes in national or local economic conditions that correlate with default on receivables.

Before accepting any new customer, the Corporation reviews the credit application submitted by the customer. An external credit scoring agency may be used to assess the potential customer's credit quality and define credit limits by customer. Limits and scoring attributed to customers are reviewed periodically to determine whether adjustments are required.

There are no customers who represent more than 5 per cent of the total balance of trade receivables.

Trade receivables disclosed above include amounts that are past due (see 6.A. for aged analysis) at the end of the reporting period for which the Corporation has not recognized an allowance for doubtful accounts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Consistent with others in the industry, the Corporation makes most of its conventional advertising sales through agencies. These agencies typically remit their payment over a period exceeding the Corporation's average credit term of 30 days. As such, a significant portion of the Corporation's trade receivables are past due but not impaired.

The Corporation does not hold any collateral or other credit enhancements over these balances.

6. Trade and Other Receivables *(Continued)*

A. Age of Trade Receivables that are Past Due but not Impaired

(in thousands of dollars)	December 31, 2011	March 31, 2011
31- 60 days	47,629	42,647
61- 90 days	42,663	15,737
91- 120 days	20,164	13,387
Total	**110,456**	**71,771**

B. Movement in Allowance for Doubtful Accounts

(in thousands of dollars)	December 31, 2011	March 31, 2011
Balance at beginning of the period	(1,103)	(2,725)
Amounts written off during the period as uncollectible	181	-
Amounts recovered during the period	84	-
(Increase) decrease in allowance for doubtful accounts	(799)	1,622
Balance at end of the period	**(1,637)**	**(1,103)**

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

7. Programming

(in thousands of dollars)	**December 31, 2011**	**March 31, 2011**
Programs completed	92,294	91,496
Programs in process of production	82,298	34,905
Broadcast rights available for broadcast	30,253	37,257
	204,845	**163,658**

(in thousands of dollars)	**December 31, 2011**	**March 31, 2011**
Opening balance	163,658	178,243
Additions	765,646	1,017,524
Programs Broadcast	(724,459)	(1,032,109)
	204,845	**163,658**

Programming includes amounts for television programs including specialty services.

The programming write-offs for the three months ended December 31, 2011 represent $0.5 million (2010 - $0.5 million) and the nine months ended December 31, 2011 represent $2.9 million (2010 – $1.4 million). Write-offs are recorded in the Condensed Consolidated Statement of Income as Television, radio and new media services expenses and specialty service expenses, as applicable.

8. Prepaid expenses

(in thousands of dollars)	**December 31, 2011**	**March 31, 2011**
Programming rights	34,074	103,451
Service agreements	20,503	35,238
	54,577	**138,689**

9. Property and equipment

A. Cost and Accumulated Depreciation

The gross carrying amount is as follows:

(in thousands of dollars)	December 31, 2011	March 31, 2011
Cost	2,259,486	2,271,790
Accumulated depreciation	(1,211,161)	(1,191,195)
	1,048,325	**1,080,595**

(in thousands of dollars)	Land	Buildings & leasehold improvements	Technical & office equipment	Other	Uncompleted capital projects	Total
Cost at March 31, 2011	179,982	295,290	1,409,727	304,059	82,732	**2,271,790**
Additions	-	4,010	37,447	2,337	17,089	**60,883**
Transfers	-	4,100	54,175	6,219	(65,198)	**(704)**
Asset classified as held for sale	-	-	(3,730)	(2,302)	-	**(6,032)**
Disposals	(9)	(787)	(62,989)	(2,666)	-	**(66,451)**
Cost at December 31, 2011	**179,973**	**302,613**	**1,434,630**	**307,647**	**34,623**	**2,259,486**
Accumulated depreciation at March 31, 2011	-	(88,838)	(1,049,212)	(53,145)	-	**(1,191,195)**
Depreciation for the period	-	(13,523)	(61,756)	(14,998)	-	**(90,277)**
Reverse depreciation on asset classified as held for sale	-	-	3,496	2,302	-	**5,798**
Reverse depreciation on disposals	-	548	61,841	2,124	-	**64,513**
Accumulated depreciation at December 31, 2011	**-**	**(101,813)**	**(1,045,631)**	**(63,717)**	**-**	**(1,211,161)**
Net carrying amount at December 31, 2011	**179,973**	**200,800**	**388,999**	**243,930**	**34,623**	**1,048,325**

9. Property and Equipment *(Continued)*

(in thousands of dollars)	Land	Buildings & leasehold improvements	Technical & office equipment	Other	Uncompleted capital projects	Total
Cost at April 1, 2010	180,065	290,815	1,436,630	306,029	41,600	**2,255,139**
Additions	-	5,223	46,795	2,761	62,725	**117,504**
Transfers	-	948	20,552	(210)	(21,593)	**(303)**
Disposals	(83)	(1,696)	(94,250)	(4,521)	-	**(100,550)**
Cost at March 31, 2011	**179,982**	**295,290**	**1,409,727**	**304,059**	**82,732**	**2,271,790**
Accumulated depreciation at April 1, 2010	-	(72,035)	(1,056,342)	(38,573)	-	**(1,166,950)**
Depreciation for the period	-	(17,993)	(83,246)	(19,276)	-	**(120,515)**
Reverse depreciation on transfers	-	(28)	(182)	210	-	**-**
Reverse depreciation on disposals	-	1,218	90,558	4,494	-	**96,270**
Accumulated depreciation at March 31, 2011	**-**	**(88,838)**	**(1,049,212)**	**(53,145)**	**-**	**(1,191,195)**
Net carrying amount at March 31, 2011	**179,982**	**206,452**	**360,515**	**250,914**	**82,732**	**1,080,595**

The contractual commitments for the acquisition of property and equipment are $22.8 million as at December 31, 2011 (March 31, 2011 – $14.3 million).

B. Impairment

There were no indicators of property and equipment impairment during the first nine months of 2012. As such, no impairment expense was recorded in the three and nine month periods ended December 31, 2011 (2010 – nil and nil).

C. Long-Lived Assets to be Disposed of Other than by Sale

The switch from analog transmission to digital over-the-air television took place on August 31, 2011 for mandatory sites identified by the CRTC, in decision 2010-16.

In 2010-2011, the Corporation revised the depreciation estimates for analog transmitter equipment affected by the August 31, 2011 changeover date to reflect the use of the assets over their shortened useful life.

On August 16, 2011 the CRTC gave the Corporation permission to continue broadcasting analog over-the-air television signals in 22 markets until August 31, 2012.

The impact of the revised estimates represents an additional depreciation expense recorded in the Condensed Consolidated Statement Income (Loss) of $0.2 million and $2.6 million for the three and nine month periods ended December 31, 2011, respectively, (2010 – nil and nil).

9. Property and Equipment *(Continued)*

D. Asset Held for Sale

Within the next twelve months, the Corporation intends to dispose of a mobile unit that it no longer uses. With increased requirements for high-definition broadcasting, this standard-definition unit is no longer being utilized. The mobile unit has a net carrying amount of $0.2 million at December 31, 2011.

E. Items Disposed of During the Quarter

During the quarter, the Corporation disposed of a number of property and equipment resulting in a gain of $9.6 million. This gain was primarily made up of the following disposals.

The Corporation disposed of a parcel of land it no longer utilized in Brossard (Quebec). The property was previously used for its AM broadcasting transmitter; however, this use ceased with the conversion from AM to FM in the Montreal market. The net proceeds on the sale of the property were $8.6 million and resulted in a net gain on disposition of $8.5 million.

The Corporation disposed of an unused parcel of land in Halifax for net proceeds of $0.5 million. This sale resulted in a net gain on disposition of $0.5 million.

10. Associate

A. Initial Investment in Sirius Canada Inc.

The Corporation previously held a 40 per cent voting interest and a 25 per cent equity interest in Sirius Canada Inc. (Sirius) through its investment in Class A Common Shares, originally obtained in exchange for a nominal amount of cash. Given that the Corporation's voting interest exceeded 20 per cent, the Corporation had significant influence over Sirius and applied equity accounting to its investment in Class A shares.

As a separate investment, the Corporation had invested a further $12 million in Class C Preferred Shares, which were entitled to cumulative dividends at a rate of 8 per cent per annum on the redemption price and were redeemable at any time by Sirius. These shares were classified as available-for-sale and recorded at fair value.

10. Associate *(Continued)*

B. Description of Sirius and Canadian Satellite Radio Holdings Inc. Merger

On June 21, 2011, Sirius and Canadian Satellite Radio Holdings Inc.(CSR), the parent company of XM Canada, completed a merger of the two companies. Pursuant to the arrangement between the Corporation, Sirius XM Radio Inc., Slaight Communications (collectively referred to as the Vendors), Canadian Satellite Radio Holdings Inc. (pre-merger CSR) and Sirius, the Vendors sold all of the issued and outstanding shares of Sirius, in exchange for the equivalent of 71,284,578 Class A Subordinate Voting Shares of CSR providing the Vendors with control of 58 per cent of the equity in the newly-merged CSR (CSR). All previously existing Sirius shares were redeemed and cancelled.

In exchange for its Sirius Class A shares, the Corporation received 53,570,361 Class B Voting Shares of the CSR, which are equivalent to 17,856,787 Class A Subordinate Shares of CSR and represents a 14.54 per cent equity participation and a 19.9 per cent voting interest. The Corporation also received a promissory note with a face value of $1.5 million for dividends on the Class A shares, which was applied against the carrying value of the shares.

In exchange for the redemption of the Sirius Class C Shares, the Corporation received cash consideration amounting to $14.9 million and non-interest bearing promissory notes with a total face value of $2.2 million, which was treated as a combination of dividend income and return of capital. This consideration of $17.1 million represented the fair value of the Class C shares at the date of the transaction and included the cumulative accrued and unpaid dividends of these shares amounting to $5.1 million. These dividends had not been previously accrued to the value of the shares as the dividends had not been declared by Sirius prior to the merger transaction. These dividends have been accounted for as dividend income in the Condensed Consolidated Statement of Income.

Following the completion of the merger transaction, the Corporation has a seat on the Board of Directors and holds a 19.95% voting interest in CSR. The Corporation holds the power to participate in the financial and operating policy decisions of CSR through board representation, its voting interest and its ongoing business relationship with CSR. As such, the Corporation exerts significant influence and will continue to apply equity accounting to its investment in CSR.

10. Associate *(Continued)*

C. Accounting Impact of the Sirius and CSR Merger Transaction on the Corporation

The reverse take-over and retention of significant interest resulted in the following:

- A non-cash dilution gain of $25.8 million was recognized, representing the gain on the disposed interest of 10.51 per cent and the Corporation's proportionate share of CSR's Class B share issuance, net of the Corporation's portion of pre-merger Sirius unrecognized losses and equity adjustments.
- A value of $5.8 million was attributed to the Class B shares obtained, which is calculated as being the difference in the Corporation's reduction in ownership in Sirius and the Corporation's share of the proceeds on the issuance of the new Class B shares.

As part of the purchase agreement, both Sirius and pre-merger CSR were subject to an audit to confirm their actual cash balances at the closing of the merger transaction, which would impact the final amount of distributions and promissory notes receivable by the Corporation. This post-merger audit of cash balances resulted in an increase in promissory notes receivable related to the Class A shares of $0.5 million, offset by an increase in dilution gain of $0.2 million and a decrease in the investment in CSR of $0.3 million. These amounts are included in the value of the Class B shares as disclosed above.

D. Impact of Post-Merger CSR Results

Following the merger CSR's fiscal year end is August 31, which differs from that of the Corporation. IAS 28, *Investments in Associates* limits the difference between the end of the reporting period of an associate and that of the investor to no more than three months. As such, the Corporation has included its portion of the results of CSR for the period up to November 30, 2011. This corresponds to the latest information available for CSR that can be disclosed publicly. The investment value at December 31, 2011 of $6.5 million includes a loss of $0.4 million and a gain of $0.7 million for the three and nine month periods ended December 31, 2011, respectively, which represent to the Corporation's share of CSR net results and equity movements up to November 30, 2011.

10. Associate *(Continued)*

E. Financial Information

The following is the summarized financial information for the Corporation's investments:

	Ownership interest as at:		Carrying value as at:		Fair value as at:	
(in thousands of dollars)	December 31, 2011	March 31, 2011	December 31, 2011	March 31, 2011	December 31, 2011	March 31, 2011
CSR - Class B	19.95%	-	6,478	-	57,142	-
Other	-	-	17	17	17	17
Total assets	**-**	**-**	**6,495**	**17**	**57,159**	**17**
Sirius - Class A	-	25%	-	(18,417)	-	(18,417)
Sirius - Class C	-	-	-	17,000	-	17,000
Total liabilities	**-**	**-**	**-**	**(1,417)**	**-**	**(1,417)**

The fair value of the Corporation's investment in CSR at December 31, 2011 was determined using the closing market price of CSR Class A shares at December 31, 2011. At March 31, 2011, the fair value of the investment in Sirius was determined based on expected future cash flows, as shares in Sirius were not publicly traded.

The following tables present the summarized financial information for CSR:

	Three months ended December 31		Nine months ended December 31	
(in thousands of dollars)	2011[1]	2010[2]	2011[1]	2010[2]
Revenue	63,155	43,729	161,786	121,049
Net income (loss)	(3,412)	2,104	10,865	10,739

[1] Amounts for the three and nine month periods ended December 31, 2011 include results for the combined CSR/Sirius entity through to November 30, 2011.

[2] Amounts for the three and nine month periods ended December 31, 2010 include results for Sirius up until December 31, 2010.

(in thousands of dollars)	December 31, 2011[1]	March 31, 2011[2]
Assets	407,126	69,382
Liabilities	362,555	145,394

[1] Amounts at December 31, 2011 include results for the combined CSR/Sirius as at November 30, 2011.

[2] Amounts at March 31, 2011 include results for Sirius as at March 31, 2011.

There are no significant restrictions imposed on CSR relating to their ability to transfer funds to their investors.

11. Accounts Payable and Accrued Liabilities

(in thousands of dollars)	December 31, 2011	March 31, 2011
Trade payables	25,735	53,280
Accruals	51,194	72,197
Other	4,080	1,324
	81,009	**126,801**

12. Provisions

	December 31, 2011			March 31, 2011		
(in thousands of dollars)	Claims and legal proceedings	Environmental	Total	Claims and legal proceedings	Environmental	Total
Balance, beginning of year	35,101	300	35,401	50,070	-	50,070
Additional provisions recognized	1,242	-	1,242	13,374	300	13,674
Adjustments resulting from re-measurement or settlement without cost	3,255	-	3,255	6,177	-	6,177
Reductions resulting from payments	(3,954)	-	(3,954)	(34,520)	-	(34,520)
Balance, end of period	**35,644**	**300**	**35,944**	**35,101**	**300**	**35,401**

i. Claims and legal proceedings

Various claims and legal proceedings have been asserted or instituted against the Corporation. Some of these claims demand large monetary damages or other form of relief and could result in significant expenditures. These claims consist mainly of real estate valuation and related municipal taxes, copyright tariffs, grievances and other legal claims.

Litigation is subject to many uncertainties and the outcome of individual matters is not always predictable. Claims that are uncertain in terms of the outcome or potential outflow or that are not measurable are considered to be a contingency and are not recorded in the Corporation’s consolidated financial statements. At December 31, 2011 the Corporation had provisions amounting to $35.6 million (March 2011 – $35.1 million) in respect of legal claims.

ii. Environmental liabilities

At December 31, 2011 the Corporation had provisions totaling $0.3 million for two environmental matters. One former AM transmission site in Rimouski has Polychlorinated Biphenyls (PCB) concentrations exceeding permitted levels determined by the Ministère du Développement durable, de l'Environnement et des Parcs (MDDEP). Additionally, remediation work is required at the Corporation’s Mont Logan property to clean-up oil contaminants found in ground samples from the site’s former transmission tower and associated building.

12. Provisions *(Continued)*

Costs associated with remediation work at these two sites are estimated at $0.2 million, and $0.1 million, respectively. Both matters are subject to ministry approvals and other environmental reviews. The Corporation expects clean-up on the properties to begin within 12 months.

13. Pension Plans and Employee-Related Assets/Liabilities

The Corporation provides pension and long-term service retirement benefits based on the length of service and final average earnings of its employees and other defined benefit post-retirement benefit plans to its employees such as post-retirement life insurance.

The cost of the defined benefit retirement plans are determined on an actuarial basis using the projected unit credit method and management's best assumptions, such as the expected long-term rate of return on plan assets, rate of compensation, inflation, retirement ages of employees, and mortality of members.

The current period service costs, the interest cost on the defined benefit obligation and the expected investment return on plan assets are recognized in net results in the period they are incurred. Past service costs, generally resulting from changes in the benefits payable for past services under an existing plan, are recognized immediately to the extent that the benefits are already vested, and otherwise are amortized on a straight-line basis over the average period until the benefits become vested. Actuarial gains and losses are recognized in other comprehensive income as they occur. Actuarial gains (losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period. Actuarial gains (losses) on the defined benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the defined benefit obligation.

The present value of the defined benefit obligations are calculated using discount rates determined by reference to market yields at the end of the reporting period on high quality Canadian corporate bonds that have terms to maturity approximating the terms of the related defined benefit obligation.

13. Pension Plans and Employee-Related Assets/Liabilities *(Continued)*

Employee-related assets/liabilities are as follows:

	December 31, 2011	March 31, 2011	December 31, 2011	March 31, 2011
(in thousands of dollars)	Current		Long-term	
Accrued pension benefit asset	-	-	88,467	148,769
Accrued pension benefit liability	-	-	77,085	68,462
Employee future benefits	-	-	147,791	141,616
Vacation pay	59,981	57,416	-	-
Workforce reduction and other	13,116	12,956	-	-
Salary-related liabilities	40,585	66,140	190	190
	113,682	**136,512**	**225,066**	**210,268**

The Corporation maintains a contributory defined benefit pension plan, the CBC/Radio-Canada Pension Plan, covering substantially all employees of the Corporation. Retirement benefits are based on the length of pensionable service and on the average of the best five consecutive years of pensionable salary in the last 10 years of employment. Employees are required to contribute a percentage of their pensionable salary to the plan, with the Corporation providing the balance of the funding, as required, based on actuarial valuations. The Corporation also maintains unfunded non-contributory defined benefit pension arrangements. All plans are subject to an actuarial valuation, which have been made at least on a triennial basis and will be required on an annual basis going forward under new regulatory requirements. The previous valuation available was made as at December 2008. The next valuation is being performed as at December 2011.

The Corporation maintains a non-contributory long-term termination benefit plan for certain employees hired before April 1, 2005, July 1, 2005 or October 1, 2005, depending on the category of employees. Under the plan, employees retiring with more than three years of service with the Corporation can choose to receive a cash award upon retirement or improve their pension benefits. The benefits are based on the length of pensionable service and on the average of the best five years of pensionable salary up to March 2005. The Corporation also provides employee future benefits such as long-term disability and workers' compensation, continuation of benefits coverage for employees on long-term disability and post-retirement life insurance. The last actuarial valuations for the long-term termination benefit plan and the continuation of benefits coverage plan were made as at December 2009.

13. Pension Plans and Employee-Related Assets/Liabilities *(Continued)*

The measurement date for the pension plan assets and the defined benefit obligation is December 31, 2011.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Assumptions – annual rates	December 31, 2011	March 31, 2011
Expected long-term rate of return on plan assets	6.50%	6.50%
Discount rate used for the calculation of the pension benefit costs	5.25%	5.25%
Discount rate used for the calculation of the pension obligation	4.50%	5.25%
Discount rate - employee termination benefit	4.25%	5.00%
Discount rate – LTD benefits	5.00%	5.00%
Discount rate – post-employment benefit	5.25%	5.25%
Long-term rate of compensation increase, excluding merit and promotion	2.75%	2.75%
Health care cost trend rate	7.00% per annum until 2019, 4.50% thereafter	7.00% per annum until 2019, 4.50% thereafter
Indexation of pensions in payment	1.65%	1.65%

The amount included in the condensed consolidated statement of financial position arising from the Corporation's obligation in respect of its defined benefit plans is as follows:

	December 31, 2011			March 31, 2011		
(in thousands of dollars)	Funded pension plan	Unfunded pension plans	Other post-retirement plans	Funded pension plan	Unfunded pension plans	Other post-retirement plans
Benefit obligation	4,965,156	77,085	147,466	4,414,441	68,462	141,234
Fair value of plan assets	5,053,623	-	-	4,563,210	-	-
	(88,467)	**77,085**	**147,466**	**(148,769)**	**68,462**	**141,234**
Less:						
Unamortized unvested past service costs	-	-	(325)	-	-	(382)
Net (asset) liability arising from defined benefit obligation	**(88,467)**	**77,085**	**147,791**	**(148,769)**	**68,462**	**141,616**

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13. Pension Plans and Employee-Related Assets/Liabilities *(Continued)*

Movements in the present value of the defined benefit obligation were as follows:

(in thousands of dollars)	December 31, 2011 Pension plans	December 31, 2011 Other post-employment plans	March 31, 2011 Pension plans	March 31, 2011 Other post-employment plans
Opening defined benefit obligation	4,482,903	141,234	4,388,497	140,490
Current service cost	50,700	4,389	65,693	6,535
Interest cost	174,000	5,056	226,918	7,056
Contributions from employees	31,602	-	37,630	-
Actuarial (gains) losses	468,818	5,904	-	(153)
Past service cost[1]	15,000	-	-	-
Benefits paid	(180,782)	(9,117)	(235,835)	(12,694)
Closing defined benefit obligation	**5,042,241[2]**	**147,466**	**4,482,903[3]**	**141,234**

[1] Estimated cost of changes to certain minimum benefit requirements in the Pension Benefits Standards Act affecting the CBC/Radio-Canada Pension Plan.

[2] The accrued benefit obligations for the funded plan and for the unfunded plans are $4,965,156 and $77,085 respectively

[3] The accrued benefit obligations for the funded plan and for the unfunded plans are $4,414,441 and $68,462 respectively.

Movements in the fair value of the plan assets were as follows:

(in thousands of dollars)	December 31, 2011 Pension plans	December 31, 2011 Other post-employment plans	March 31, 2011 Pension plans	March 31, 2011 Other post-employment plans
Opening fair value of plan assets	4,563,210	-	4,199,746	-
Expected return on plan assets	218,951		268,354	-
Actuarial gains	375,603		237,563	-
Contributions from employees	31,602		37,630	-
Contributions from the Corporation	45,039	9,117	55,752	12,694
Benefits paid	(180,782)	(9,117)	(235,835)	(12,694)
Closing fair value of plan assets	**5,053,623**	**-**	**4,563,210**	**-**

13. Pension Plans and Employee-Related Assets/Liabilities *(Continued)*

Amounts recognized in comprehensive income in respect to these defined benefit plans are indicated in the table below.

	Three months ended December 31		Nine months ended December 31	
(in thousands of dollars)	**2011**	**2010**	**2011**	**2010**
Current service cost	18,362	18,942	55,088	56,813
Interest on obligation	59,685	58,238	179,055	175,210
Expected return on plan assets	(72,984)	(66,640)	(218,952)	(200,965)
Past service cost	(19)	(19)	14,943	(57)
Expense recognized in net results	**5,044**	**10,521**	**30,134**	**31,001**
Less:				
Actuarial losses (gains) recognized in other comprehensive income	(34,697)	(186,263)	99,119	(266,004)
Total	**(29,653)**	**(175,742)**	**129,253**	**(235,003)**

The cumulative actuarial gains or losses recognized in other comprehensive income represents a gain of $138.4 million as of December 31, 2011 (2010 – gain of $266.0 million).

14. Revenue

The Corporation recognized revenue from the following sources:

	Three months ended December 31		Nine months ended December 31	
(in thousands of dollars)	**2011**	**2010**	**2011**	**2010**
Advertising	116,416	115,537	277,858	272,271
Building, tower, facility and service rentals	13,548	14,850	32,789	33,354
Production revenue	4,670	5,501	12,210	12,477
Digital programming	1,454	140	3,731	4,318
Retransmission rights	1,007	1,016	4,882	4,504
Program sponsorship	1,561	1,059	4,872	3,927
Other services	2,637	4,813	5,168	6,884
Total Rendering of services	**141,293**	**142,916**	**341,510**	**337,735**
Total Specialty Services	**43,081**	**41,472**	**124,623**	**117,691**
Total Financing income	**1,346**	**1,350**	**4,134**	**3,752**
Contribution from the Local Programming Improvement Fund (LPIF)	9,545	9,935	31,865	25,274
Contra revenue other than advertising	1,263	697	1,263	1,033
Gain (Loss) on foreign exchange rates	(133)	(94)	(353)	7
Net gain (loss) from fair value of financial instruments	(428)	(338)	1,146	(96)
Total Revenue	**195,967**	**195,938**	**504,188**	**485,396**

15. Government Funding

Parliamentary appropriations approved and the amounts received by the Corporation during the period are as follows:

	Three months ended December 31		Nine months ended December 31	
(in thousands of dollars)	**2011**	**2010**	**2011**	**2010**
Operating funding	315,000	246,239	817,433	819,578
Capital funding	24,000	24,000	74,568	73,500
Working capital funding	1,000	1,000	2,999	2,999
	340,000	**271,239**	**895,000**	**896,077**

Government funding approved and received by the Corporation during the period is recorded as follows in the condensed Consolidated Financial Statements.

Parliamentary appropriations for operating expenditures are recognized in the Condensed Consolidated Statement of Income based on the net budgeted expenses (i.e. quarterly budgeted expenses less self-generated revenue).

Where the actual amount of the operating appropriation received in the period is less than the net budgeted expenses, the amount recognized is equivalent to the amount actually received. If the actual amount received to manage cash requirements is more than the net budgeted expenses, the excess is recorded as deferred operating appropriation and recognized as deferred revenue on the balance sheet.

Quarterly budgets are established from the annual budget approved by the Board of Directors at the beginning of each year and reflect expected appropriation funding for the year and seasonal impacts of expenditures and self-generated revenue.

(in thousands of dollars)	**December 31 2011**	**March 31 2011**
Operating funding received during period	817,433	1,031,581
Less: Parliamentary appropriation for operating expenditures recognized in the Condensed Consolidated Statement of Income during period	(738,615)	(1,031,581)
Deferred operating vote drawdown	**78,818**	-

YOURS TO CELEBRATE

15. Government Funding *(Continued)*

Capital Funding received is recorded as Deferred Capital Funding in the Condensed Consolidated Balance Sheet. Capital Funding is amortized and recognized on the same basis and over the same periods as the related property, equipment, intangible assets and equipment under capital lease.

(in thousands of dollars)	**December 31, 2011**	**December 31, 2010**
Balance, beginning of year	602,025	632,221
Government funding for capital expenditures	74,568	73,500
Amortization of deferred capital funding	(97,131)	(92,721)
Balance, end of period	**579,462**	**613,000**

16. Seasonality

Excluding government appropriations, approximately 55 per cent of the Corporation's source of funds come from advertising revenue that tend to follow seasonal patterns, with the second quarter typically being the lowest mainly due to the summer season attracting fewer viewers. Advertising revenue also varies according to market and general economic conditions and the programming schedule. Subscriber-based revenue is more stable on a quarter-by quarter basis and represents approximately 20 per cent of the Corporation's revenue.

Operating expenses tend also to follow a seasonal pattern, as they are influenced by the programming schedule.

17. Movements in Working Capital

	Three months ended December 31		Nine months ended December 31	
(in thousands of dollars)	**2011**	**2010**	**2011**	**2010**
Cash flows provided by (used for):				
Trade and other receivables	(49,788)	(55,318)	(25,544)	(15,164)
Programming	12,916	13,715	(41,186)	(22,190)
Merchandising inventory	(171)	155	(56)	274
Prepaid expenses	3,877	30,942	84,112	57,852
Promissory notes receivable	471	440	1,393	1,293
Net investment in finance lease	777	811	2,355	2,456
Accounts payable and accrued liabilities	(15,019)	(606)	(45,792)	(64,933)
Provision	(5,682)	1,262	543	7,065
Deferred revenue	440	226	(254)	1,921
Pension plans and employee-related liabilities	(3,975)	2,312	(29,235)	(17,519)
Financial liability related to the monetization of receivables	(10,640)	(559)	(10,500)	(280)
Notes payable	1,509	1,567	1,560	940
	(65,285)	**(5,053)**	**(62,604)**	**(48,285)**

18. Commitments

The Corporation entered into commitments by renewing purchase agreements and entering into new purchase agreements. Management estimates that these new commitments, for the nine month period ended December 31, 2011, will result in future expenditures of approximately $220.2 million. As of December 31, 2011, the Corporation's total commitments amounted to $1,060.5 million and will span the next 15 years.

19. Related Parties

The Corporation enters into transactions with these related parties in the normal course of business, on normal trade terms applicable to all individuals and enterprises and at market prices. These transactions are recorded at fair value by the Corporation. The following transactions were carried out with related parties:

19. Related Parties *(Continued)*

A. Transactions with Related Parties Excluding Government Related Entities

	Associate Three months ended December 31		Associate Nine months ended December 31	
(in thousands of dollars)	**2011**	**2010**	**2011**	**2010**
Rendering of services	904	1,090	2,284	2,467
	904	**1,090**	**2,284**	**2,467**

The following balances were outstanding at the end of the reporting period:

	Amounts owed by related parties	
(in thousands of dollars)	**December 31, 2011**	**March 31, 2011**
Associate	423	195
	423	**195**

The transactions and balances presented in the tables are with CSR, an associate of the Corporation. The amounts outstanding are unsecured and will be settled in cash. No expense has been recognized in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

B. Other Transaction with Associate

On June 21, 2011 the Corporation exchanged its interests in Sirius for shares in CSR pursuant to the reverse take-over of CSR by Sirius. The reverse take-over and retention of significant influence in the CSR combined entity caused the Corporation to recognize a non-cash dilution gain of $25.8 million. This amount is made up of a gain on the disposed interest in the amount of $3.3 million as well as the Corporation's proportionate share of CSR's share issuance amounting to $22.5 million. In addition, the Corporation recognized $5.1 million in dividend income related to redemption of the original $12.0 million investment the Corporation had in Sirius Class C shares. Finally, the Corporation received a promissory note in connection with dividends declared on the Class A shares of the associate. More information on this transaction is provided in Note 11 to the condensed consolidated financial statements.

19. Related parties *(Continued)*

C. Transactions with Government-Related Entities

CBC | Radio-Canada is a Crown Corporation wholly owned by the federal government. The Corporation operates in an economic environment dominated by entities directly or indirectly controlled by the federal government through its government authorities, agencies, affiliations and other organizations (collectively referred to as "government-related entities"). The Corporation has transactions with other government-related entities including but not limited to sales and purchases of goods, rendering and receiving services, lease of assets and use of public utilities.

These transactions are conducted in the ordinary course of the Corporation's activities on terms comparable to those with other entities that are not government-related. The Corporation has established procurement policies, pricing strategy and approval process for purchases and sales of products and services which are independent of whether the counterparties are government-related entities or not.

For the three-month period ended December 31, 2011, management estimates $0.2 million of its rendering of services (2010 – $0.1million) and $0.3 million of its purchase of goods and services (2010 – $0.6 million). For the nine-month period ended December 31, 2011, management estimates that the aggregate amount of the Corporation's significant transactions with other government-related entities amounted to $1.0 million of its rendering of services (2010 – $0.4 million) and $0.7 million of its purchase of goods and services (2010 – $0.6 million).

20. Financial Instruments

A. Fair Value

The fair values of cash, trade and other receivables, the short-term portion of the promissory notes receivable, accounts payable and accrued liabilities, the short-term portion of the bonds payable, financial liability related to the monetization of receivables, the short-term portion of the obligations under finance lease and the short-term portion of the notes payable approximate their carrying value due to the short-term nature of these instruments.

20. Financial Instruments *(Continued)*

The carrying values and fair values of the Corporation's remaining financial instruments are listed in the following table.

	December 31, 2011		March 31, 2011			
(in thousands of dollars)	Carrying values	Fair values	Carrying values	Fair values	Method [1]	Note
Financial instruments measured at fair value:						
Derivative financial asset instruments	279	279	-	-	Level 1	*(a)*
Derivative financial asset instruments	53	53	-	-	Level 3	*(c)*
Derivative financial liability instruments	-	-	715	715	Level 1	*(a)*
Long-term investments – non-voting Class C shares	-	-	17,000	17,000	Level 2	*(b)*
Financial instruments measured at amortized cost:						
Promissory notes receivable (long-term)	50,451	60,052	51,765	56,775		
Net investment in finance lease (long-term)	54,716	66,400	56,577	62,594		
Bonds payable (long-term)	288,533	406,260	299,237	382,250		
Obligations under finance lease (long-term)	56,642	64,069	64,136	68,634		
Notes payable (long-term)	118,861	134,118	124,353	128,045		

[1] Method refers to the hierarchy levels described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

- Level 1 - quoted prices in active markets for identical assets or liabilities instruments
- Level 2 - directly observable market inputs other than Level 1 inputs.
- Level 3 - inputs that are not based on observable market data (unobservable inputs).

(a) The fair value is based on quoted forward market prices at the end of the reporting period.

(b) The estimated fair value is determined using discounted projected future cash flows.

(c) The estimated fair value is determined using inputs that are not based on observable market data (unobservable inputs).