Q1 2014–2015 QUARTERLY FINANCIAL REPORT

TO:	Board of Directors
MEETING:	August 21, 2014
FROM:	Michael Mooney, Acting Vice-President and Chief Financial Officer Andie Andreou, Executive Director and Corporate Controller
DECISION SOUGHT:	Audit Committee recommends to the Board of Directors approval to issue the CBC/Radio-Canada Financial Report for the quarter ended June 30, 2014.
NEXT STEPS:	CBC/Radio-Canada will be publishing its Financial Report for the quarter ended June 30, 2014.
DATE:	August 14, 2014

AGENDA

1. Q1 2014–2015 FINANCIAL RESULTS

HIGHLIGHTS

- Revenue increased by $8.4M when compared to the first quarter of the prior year:
  - Changes within revenue included higher advertising and digital revenues of $9.4M and $5.9M, respectively. Both were mainly a result of our coverage of the FIFA World Cup.
  - These increases were partially offset by fewer hockey broadcasts relative to last year, and the reduction in LPIF funding of $6.2M.

(in thousands of Canadian dollars)

	For the three months ended June 30		
	2014	2013	% change
Revenue	192,592	184,152	4.6
Expenses	(469,521)	(467,000)	0.5
Government funding	247,755	253,982	(2.5)
Results before non-operating items	(29,174)	(28,866)	1.1
Non-operating items	(4,395)	(1,515)	N/M
Net results for the period	(33,569)	(30,381)	10.5
Results on a current operating basis[1]	(7,421)	(590)	N/M

N/M = not meaningful

[1] Results on a Current Operating Basis is a non-IFRS measure. A reconciliation of net results to Results on a Current Operating Basis is provided in Appendix 1.

- Government funding recognized in the current quarter was lower than the same quarter of the prior year by $6.2M. This decrease reflects the matching of operating funding recognized in income with our quarterly budgetary costs as well as the amortization of deferred capital funding. This reflects the funding reduction announced in 2012, as well as inflation funding received for 2013-2014 that will not be received again in the current year.
- Total expenses were slightly higher by $2.5M (0.5%) compared to the same period last year. We have reduced ongoing operating costs by approximately $10.3M relative to the first quarter last year in response to funding reductions and other financial challenges. These cost reductions were offset by $23.2M in downsizing charges and the receipt of a $10.4M special dividend in June 2014 from our investment in SiriusXM Canada Holdings Inc. (Sirius XM) that was recognized as a reduction of expenses for accounting purposes. Furthermore, these lower ongoing operating costs included our coverage costs for the FIFA World Cup, which also contributed to increased revenue as discussed above.
- The current quarter's non-operating items include a $2.5 million write-off for one of the Corporation's mobile production vehicles that is no longer usable, as well amounts associated with the refresh cycle of our old technology.
- Results on a current operating basis reflected a loss of $7.4 million for the quarter. This excludes items that do not generate or require funds from operations, the most significant being a $12.4 million charge for non-cash pension expense in the quarter. A reconciliation of Results on a current operating basis to Net results under IFRS is included as Appendix 1.

More detailed analysis of variances on the statement of income and statement of financial position is provided in Appendix 2.

2. DISCLOSURE HIGHLIGHTS IN THIS QUARTERLY REPORT

The following provides a high-level overview of new disclosures presented in this quarterly report:

MD&A:

- Sections fully updated to discuss this quarter's business activities :
  - Business Highlights
  - 1. Performance Update
  - 2.2 Resource Capacity
  - 3.3 Outlook and Risk Update
- Financial Highlights:
  - New sub-section "Other Financial Matters" discussing budget 2014-2015 announcements.
- Business Highlights:
  - New sub-section "Launching our new strategic plan" discussing *A space for us all*.
- Results and Outlook:
  - Disclosure of special dividend payment by SiriusXM.
  - Discussion of the Corporation's comments in advance to Let's Talk TV initiative hearings.
- Financial Reporting Disclosure:
  - Section 4.3 – *Transactions with Related Parties* discusses the sale of shares in SiriusXM.

Interim Financial Statements:

- Note 19 – *Subsequent Event* discusses the sale of shares in SiriusXM.

3. SIGNIFICANT ACCOUNTING AND REPORTING MATTERS

The following topics were discussed during the Audit Committee meeting:

Significant Accounting Matters:

- **Restructuring Activities –** Amounts totaling $23.2 million recognized during the quarter relating to the budget 2014-2015 announcements.
- **Sirius XM Activities –** Dividends received during the quarter totaling $12.3 million, and a disposal of shares on July 28 for net proceeds of $33.5 million.
- **Rogers Hockey Contract Update –** An update on the arrangement and the accounting for this transaction.
- **New Accounting Pronouncements –** Discussion of pronouncements adopted during the period and update provided on preparation for standards effective in the future.
- **Pension plan quarterly impact –** The impact of lower interest rates increased our overall pension & benefit liabilities, and fund investments exceeded performance benchmarks.

Quarterly Reporting Process Update:

- **Management Discussion & Analysis** – confirmed quarterly process and approval of senior management team.
- **Financial Statements** – confirmed processes including quality assurance reviews.
- **Update on Deloitte Quarterly Specified Procedures** – discussed work performed and results.
- **Internal Controls over Financial Reporting** – discussed work completed and project status.

APPENDIX 1 - NON-IFRS MEASURE

PRESENTATION OF RESULTS ON A CURRENT OPERATING BASIS

➤ Results on a Current Operating Basis reconciles to Net results under IFRS as follows:

(in thousands of Canadian dollars)	For the three months ended June 30		
	2014	2013	% change
Net results for the period	(33,569)	(30,381)	10.5
Items not generating or requiring funds from operations			
Pension and other employee future benefits	12,399	16,085	(22.9)
Depreciation, amortization and decommissioning expenses, net of amortization of deferred capital funding	5,077	4,708	7.8
Other	8,672	8,998	(3.6)
Results on a current operating basis	(7,421)	(590)	N/M

N/M = not meaningful

APPENDIX 2 – Q1 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

(in thousands of Canadian dollars)	For the three months ended June 30			
	2014	2013	% change	
Revenue	192,592	184,152	4.6	Overall higher revenue this quarter as a result of the coverage of the FIFA World Cup, which started in mid-June and generated additional advertising revenue and digital rights revenue. This increase was partially offset due to lower revenue from hockey, as there were fewer games broadcast, in addition to fewer Canadian teams in the playoffs, as well as reduced LPIF contributions as this funding is phased-out.
Expenses	(469,521)	(467,000)	0.5	Operating expenses were higher during the quarter when compared with last year due to the costs associated with the severance costs following the April 10th announcement of $130 million in budget cuts, which were partly offset by a special dividend received from SiriusXM in June 2014, as well as lower programming and promotion costs as a result of initiatives that have reduced ongoing operating costs. Additional costs were rocrded in the current year related to the broadcast of the FIFA World Cup.
Government funding	247,755	253,982	(2.5)	The decrease in operating appropriations was consistent with funding reductions announced in the 2012 Federal Budget. In addition, in the previous year, the Corporation received of salary inflation funding for the first time since 2009-2010. Salary inflation funding will not be received for a further two years - 2014–2015 and 2015–2016.
Non-operating items	(4,395)	(1,515)	N/M	Non-operating losses this quarter resulted in part from the write-off of a mobile broadcasting vehicle, as well as losses due to the refreshment cycle of our old technology.
Net results for the period	**(33,569)**	(30,381)	10.5	
Other comprehensive income (loss)	(56,073)	139,115	(140.3)	Lower other comprehensive income resulted from actuarial losses on the pension plan due to a decrease in the discount rate on the obligation from 4.25% to 4.00%. These decreases were partially offset by a higher return on plan assets than the interest included in our net results.
Total comprehensive income (loss) for the period	**(89,642)**	108,734	(182.4)	

N/M = not meaningful

APPENDIX 2 – Q1 FINANCIAL HIGHLIGHTS FINANCIAL POSITION

(in thousands of Canadian dollars)	As at June 30 2014	As at March 31 2014	% change	As at June 30 2013	% change	
ASSETS						
Cash	136,822	61,974	120.8	63,989	113.8	Timing of inflow/outflows.
Trade and other receivables	222,229	277,020	(19.8)	197,024	12.8	**June vs. Mar:** Overall decrease due to collection of receivables related to the Sochi games, partly offset by increased receivables at June 30 related to FIFA and an amount receivable related to the sale of a property in Halifax. **June vs. June:** Increase since last year due mainly to increased trade receivables and digital accruals related to FIFA. Receivables are also higher due to sale of the property in Halifax, as well as the related consolidation project.
Programming	156,678	135,389	15.7	157,518	(0.5)	**June vs. Mar:** Increase since March mainly due to an increase in English Services programming for new seasons for Heartland, Republic of Doyle, Murdoch Mysteries and the new program Strange Empire. The increase is also due to the addition of new titles for The Nature of Things as well as the new factual program, Canada's Smartest Person. **June vs. June:** Programming balances are consistent on a year-over-year basis.
Prepaid expenses	31,357	97,473	(67.8)	102,435	(69.4)	**June vs. Mar:** The decrease is due to the amortization of prepaid sports rights, mainly FIFA and the last season of NHL, partly offset by increases in software and maintenance contracts. **June vs. June:** The decrease vs. last year is also due to the amortization of the NHL rights mentioned above, as well as rights for Sochi. In addition, the June 2013 balance included a prepaid amount for advertising, which has since been fully drawn down.
Assets classified as held for sale	3,341	6,890	(51.5)	5,196	(35.7)	**June vs. Mar:** The decrease is due mainly to the sale of the property located in Halifax. **June vs. June:** As mentioned above.
Deferred charges	22,253	22,018	1.1	13,448	65.5	**June vs. Mar:** Deferred charges are consistent with March 2014. **June vs. June:** The increase is due to amounts related to the 2016 Olympics and the Allied lease contracts, partly offset by the amortization/transfer to short-term of FIFA and ISU rights.
Investment in associate	-	1,855	(100.0)	2,291	(100.0)	**June vs. Mar:** Decrease due to the receipt of dividends from SiriusXM. **June vs. June:** As mentioned above.

APPENDIX 2 – Q1 FINANCIAL HIGHLIGHTS FINANCIAL POSITION (CONT'D)

(in thousands of Canadian dollars)	As at June 30 2014	As at March 31 2014	% change	As at June 30 2013	% change	
LIABILITIES						
Accounts payable and accrued liabilities	72,314	106,297	(32.0)	63,187	14.4	**June vs. Mar:** Overall decrease is in-line with historical patterns due to increased production spending leading up to March, which was compounded in March 2014 by payables related to Sochi, including travel costs. **June vs. June:** Increase since last year due in large part to Olympic profit-sharing accruals, costs associated with FIFA, as well as accruals for capital projects.
Provisions	44,179	32,623	35.4	52,227	(15.4)	**June vs. Mar:** The increase since March is due in large part to the restructuring provisions recognized following the announcement in April. **June vs. June:** The decrease is due to the settlement of the Toronto municipal tax issue and significant completion of analogue decommissioning work, partly offset by higher restructuring provisions and increases in other disputes related to the passge of time.
Pension plans and employee-related liabilities (s-t and l-t)	416,273	339,095	22.8	353,210	17.9	**June vs. Mar:** The increase is due mainly to the lower discount rate since March, accruals related to severances following the April announcement of the 2014-2015 budget, partially offset by retuns on pension plan assets. **June vs. June:** As discussed above.
Deferred revenues (s-t and l-t)	27,148	27,628	(1.7)	19,351	40.3	**June vs. Mar:** The June balance is comparable to March, with changes due to the draw down of amounts related to Allied, partly offset by amounts received for 2016 Olympic sublicensing. **June vs. June:** Increase due to Allied lease accounting, as well as host broadcasting fees received related to PANAM and 2016 Olympics.
Deferred capital funding	515,518	518,272	(0.5)	523,804	(1.6)	**June vs. Mar & June vs. June:** Deferred capital funding levels are due to the consistency of capital spending patterns and the related amortization of capital assets.
EQUITY						
Total equity attributable to the Corporation	146,370	236,117	(38.0)	159,065	(8.0)	Equity reflects the total of net results and remeasurements of the Corporation's defined benefit plans.

APPENDIX 3 – Q1 2014-2015 QUARTERLY FINANCIAL REPORT & REPEAT OF NEW DISCLOSURES

- First Quarter Financial Report 2014–2015 for the period ended June 30, 2014.

The following provides a high-level overview of new disclosures presented in this quarterly report:

MD&A:

- Sections fully updated to discuss this quarter's business activities :
  - Business Highlights
  - 1. Performance Update
  - 2.2 Resource Capacity
  - 3.3 Outlook and Risk Update
- Financial Highlights:
  - New sub-section "Other Financial Matters" discussing budget 2014-2015 announcements.
- Business Highlights:
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- Financial Reporting Disclosure:
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FIRST QUARTER FINANCIAL REPORT 2014-2015

CBC Radio-Canada

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CBC/Radio-Canada's Commitment to Transparency and Accountability

As the national public broadcaster, we take very seriously our obligation to be transparent and accountable to Canadians. To meet our responsibilities, we provide access on our corporate website to information about our activities and the way we manage our public resources.

HR COMPLIANCE
- Review on Implementation of Section 41 of the *Official Languages Act* to Canadian Heritage
- Annual Review on Parts IV, V and VI of the *Official Languages Act* to Treasury Board of Canada Secretariat
- Annual Report on Employment Equity to Employment and Social Development Canada (ESDC)
- Annual Report on Multiculturalism to Citizenship and Immigration Canada

CORPORATE REPORTS
- Annual Report, tabled in Parliament
- Corporate Plan and Corporate Plan Summary
- Quarterly financial reports
- CBC Pension Annual Report
- Public Accounts of Canada
- Semi-annual Report Card
- Environmental performance reports
- Reports on the implementation of the *Access to Information Act* and of the *Privacy Act* (two separate reports), and on any disclosure of wrongdoings (under the *Public Servants Disclosure Protection Act*)

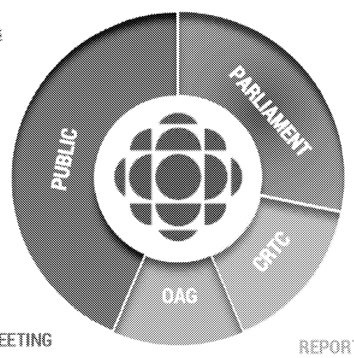
RESPONSES TO ACCESS TO INFORMATION AND PRIVACY (ATIP) REQUESTS

POLICIES AND PRACTICES
- Journalistic Standards and Practices
- Code of Conduct

TRANSPARENCY & ACCOUNTABILITY BULLETIN

PROACTIVE DISCLOSURE
- Proactive Disclosure web pages (including posting of travel and hospitality expenses of the Chair and Executives and Board meeting documents)

ANNUAL PUBLIC MEETING



APPEARANCES BEFORE PARLIAMENTARY COMMITTEES

OMBUDSMEN REPORTS
- Board must respond to Ombudsmen Reports and table responses with CRTC

REPORTING TO THE CRTC
- Periodic licence renewals
- Annual reporting to the CRTC covering:
  - Each of the Corporation's licenced radio, television and specialty services
  - Audit reports for all of the Corporation's television stations eligible for the Local Programming Improvement Fund (LPIF)
  - New media reporting requirements

OFFICE OF THE AUDITOR GENERAL (OAG)
- Annual OAG Attest Audit

Management Discussion and Analysis

Quarterly Reporting Requirement

In addition to filing an annual report, we are required—like most Canadian federal Crown Corporations—to file quarterly financial reports for the first three quarters of each fiscal year. In keeping with our commitment to transparency and effective oversight of public funds, we are pleased to present this quarterly report for the first quarter ended June 30, 2014.

These Condensed Interim Consolidated Financial Statements have not been reviewed by our auditor.

Seasonality

The majority of our self-generated revenue comes from advertising, which follows seasonal patterns based on the programming schedule. It also varies according to market and general economic conditions as well as schedule performance. Subscriber-based revenue is relatively more stable on a quarter-by-quarter basis. Operating expenses also tend to follow a seasonal pattern because they are also 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

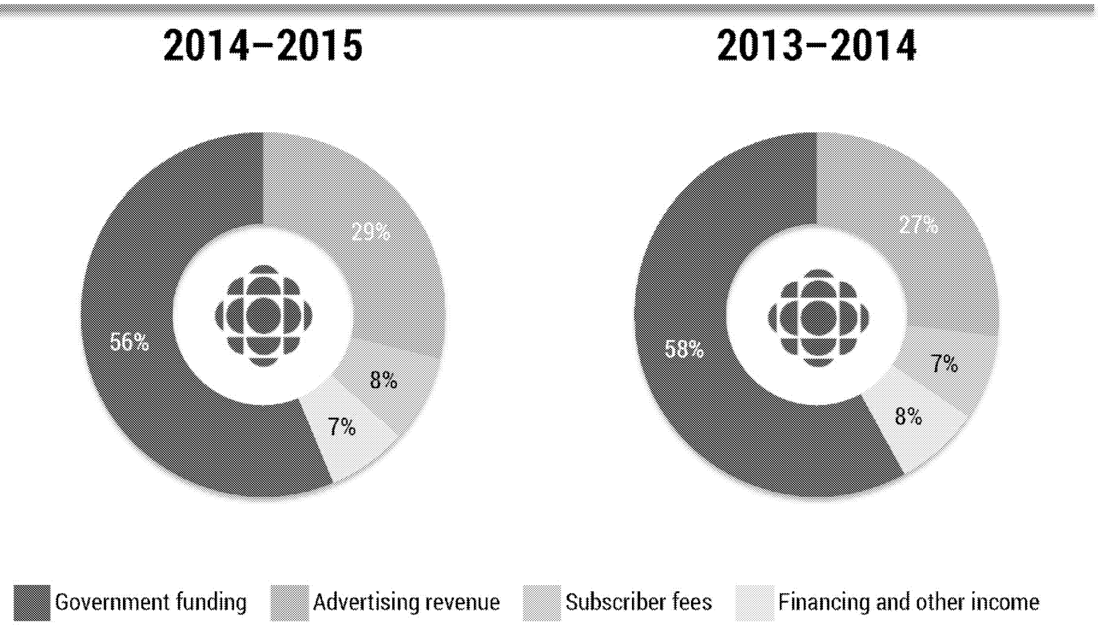
This report contains forward-looking statements about objectives, strategies and expected financial and operational results. Forward-looking statements are based on the following broad assumptions: CBC/Radio-Canada's government funding remains consistent with amounts announced in the federal budget; the funding received from the Local Programming Improvement Fund (LPIF) will be phased out by August 31, 2014; and the broadcasting regulatory environment will not change significantly. Key risks and uncertainties are described in the *Outlook and Risk Update* section of this report. However, some risks and uncertainties are by definition difficult to predict and beyond our control. They include, but are not limited to, economic, financial, advertising market, 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.

Non-IFRS Measure

This report includes the measure Results on a Current Operating Basis, which does not have any standardized meaning according to International Financial Reporting Standards (IFRS). It is therefore unlikely to be comparable to similar measures presented by other companies. Refer to section 3.1 for further details.

Financial Highlights

Q1 REVENUE AND SOURCES OF FUNDS



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Results under IFRS and on a Current Operating Basis

Changes in net results under IFRS and on a Current Operating Basis were primarily due to the following:

- Revenue increased by $8.4 million (4.6%) compared to the first quarter of 2013–2014, largely because the current quarter included higher advertising and miscellaneous revenue from broadcasting the FIFA World Cup which started mid-June. These revenue increases were partly offset by reduced Local Programming Improvement Fund (LPIF) contributions as the fund will be fully phased out by August 31, 2014.
- Government funding recognized for accounting purposes was $6.2 million (2.5%) lower this quarter relative to the same period last year, consistent with lower funding being received for operations.
- Total expenses were slightly higher by $2.5 million (0.5%) compared to the same period last year. We have reduced ongoing operating costs by approximately $10.3 million relative to the first quarter last year in response to funding reductions and other financial challenges. These cost reductions were offset by $23.2 million in downsizing charges and the receipt of a $10.4 million special dividend in June 2014 from our investment in SiriusXM Canada Holdings Inc. (SiriusXM) that was recognized as a reduction of expenses for accounting purposes. Furthermore, these ongoing operating costs included our coverage costs for the 2014 FIFA World Cup, which also contributed to the increased revenue discussed above.
- Results on a Current Operating Basis for the period reflected a loss of $7.4 million. This excludes items that do not generate or require funds from operations, the most significant being a $12.4 million charge for non-cash pension expense. Further details reconciling net results to Results on a Current Operating Basis are provided in section 3.1 of this report.

Other Financial Matters

Preparing for our new strategy

On April 10, CBC/Radio-Canada announced $130 million in budget cuts to balance our 2014–2015 budget and to make fundamental changes to secure our future. The budget cuts require the elimination of the equivalent of 657 positions over two years. These fundamental changes are the result of a changing media environment, an industry-wide softening of the television advertising market, disappointing performance in the key 25-54 year-old demographic for certain CBC Television programs, the end of the NHL contract, much lower-than-expected ad revenues from ICI Musique and CBC Radio 2 and government and regulatory announcements that reduced our funding. These reductions come after the Corporation has managed almost $390 million in financial pressures since 2009.

Business Highlights

Launching our new strategic plan

On June 26, we announced *A space for us all*, a new strategy that will modernize the public broadcaster as we move towards 2020. It places emphasis on creating more intense relationships with Canadians through content and delivery methods, and contains initiatives needed to achieve sustainable financial health.

This new plan builds on the successes of *2015: Everyone, Every way,* which we will continue to use to measure our progress until measurements for *A space for us all* are fully developed. *A space for us all* outlines CBC/Radio-Canada's plans to:

- Intensify our relationship with Canadians through the delivery of relevant, distinctly Canadian content and services, offered through modern distribution methods, with an emphasis on digital and mobile services;
- Preserve our geographic presence, to be even more local, but at a reduced cost;
- Significantly reduce our use of in-house production – excluding news, current affairs and radio – thereby continuing to promote acquired or commissioned entertainment content from Canada's independent creative sector;
- Lighten our technology and continue reducing our real estate footprint across the country, focusing efforts and resources on content rather than infrastructure;
- Become a scalable and flexible company with the appropriate tools, resources and people to deliver our strategy; and,
- Develop long-term, sustainable ways to manage our financial health so that we have the ability to invest in the future as market conditions and audience habits evolve.

Ultimately, the strategy aims to better position the public broadcaster to meet the fundamental shifts that are transforming the media landscape and consequently how we connect with Canadians. To better measure success, the Corporation has established two key targets:

- By 2020, the public broadcaster will have doubled its digital reach. 18 million Canadians, one out of two, will use CBC/Radio-Canada's digital services each month;
- By 2020, three out of four Canadians surveyed will answer that CBC or Radio-Canada is very important to them personally. In a national survey with a representative sample, 75% of respondents will reply 8, 9 or 10 on a 10-point scale to the question, "Is CBC or Radio-Canada important to you personally?".

Completing our existing strategic plan

We continue to fulfill our mandate guided by our five-year strategic plan, *2015: Everyone, Every way.* In the first quarter, we pursued initiatives to support the plan's three key thrusts:

- More distinctly Canadian: network programming and national public spaces;
- More regional: regional presence and community spaces;
- More digital: new platforms and digital spaces.

More distinctly Canadian:

We continue to deliver on our mandate to provide audiences with a wide range of compelling Canadian content.

ICI Radio-Canada Télé added two new programs this spring: the romantic comedy series *Toi et Moi* and *Viens-tu faire un tour?.* The season also marked the return of three prime-time shows: *Dans l'œil du dragon*, *Les chefs! La revanche* and *Pénélope McQuade*. CBC Television added the original program *Secrets & Lies*, a six-part mini-series from Australia to its prime-time schedule.

The NHL Stanley Cup playoffs were once again a highlight on CBC Television. 26.9 million Canadians (78% of the population) tuned into *Hockey Night in Canada*. Viewership for the Stanley Cup final round remained strong, down just one percentage point over last year. The top-rated game during the playoffs was game 7 of the Montreal versus Boston series, which captured 4.6 million viewers[1].

ICI Radio-Canada Première got into the summer spirit with the new program *La nature selon Boucar*, recorded in a public space in downtown Montreal and featuring a humorous take on nature and human behaviour. CBC Radio One offered audiences summer programming, including *Grownups Read Things They Wrote as Kids, The Bugle and the Passing Bell*, *Live Through This* and *What a Waste.*

CBC/Radio-Canada delivered multiplatform signature events programming that brought Canadians together. The Corporation was the official Canadian broadcaster of the 2014 FIFA World Cup Brazil (June 12 to July 13), the second most popular worldwide sporting event, following the Olympics. A combination of multiplatform coverage and successful partnerships with Sportsnet and TVA Sports allowed for all 64 matches to be streamed online, live and on demand, via websites and mobile apps, as well as watched on TV. In total, 30.8 million Canadians (nearly 89% of the population)[2], enjoyed 2014 FIFA World Cup Brazil content in English or French on CBC/Radio-Canada or its broadcast partners across all platforms.

The CBC FIFA World Cup website generated 24.2 million visits, with 37% coming from our mobile app, which was downloaded 1.2 million times. The site had 60.6 million page views and 12.6 million hours of video viewed[3].

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[1] Source: Numeris (BBM Canada), persons aged 2 years and older.

[2] Source: Numeris (BBM Canada).

[3] Sources: Digital usage: Akamai, Adobe Site Catalyst and Adobe HBX / Applications: Google and Apple.

On the 100th anniversary of the start of World War I and the 70th Anniversary of D-Day, CBC/Radio-Canada offered wide-ranging multiplatform coverage to mark these historic events. Radio-Canada continued its long tradition of producing high-profile documentary series for TV and radio, with new emphasis on web content. For example, ICI.Radio-Canada.ca/1418, the companion site for the radio documentary series *14-18: La Grande Guerre des Canadiens*, provided access to never-before-seen photos and documents supplied by families and collectors. On June 5, CBC News Network carried live programming of the D-Day 70th Anniversary; and then on June 6, both CBC Television and CBC News Network broadcast a special ceremony from Normandy, France. The two networks reached almost 2.4 million Canadians[4]. Close to 10% of visitors to cbcnews.ca during peak activity time engaged with D-Day content, which included stories, videos and interactive pages[5].

Again this quarter, CBC/Radio-Canada participated in cultural events and contributed to community life across the country. From April 8 to May 26, Radio-Canada and TV5 co-presented the Tournée du cinéma québécois au Canada in French-speaking communities across the country. Then, from April 30 to May 3, as part of the Blue Metropolis Montreal International Literary Festival, ICI Radio-Canada Première and CBC Radio One invited festival-goers to attend the *CBC Blue Literary Series/Série littéraire Radio-Canada*, which featured events and tête-à-tête conversations hosted by the public broadcaster's TV and radio personalities.

More regional

CBC/Radio-Canada's regional teams continue to cover local events that have both national and international resonance.

To mark the 100th anniversary of the Empress of Ireland wreck near Rimouski, Quebec, one of the 20th century's worst steamship tragedies, Radio-Canada's regional teams produced a unique website tracing the chronology of events (ICI.Radio-Canada.ca/empress), as well as offered extended radio and television coverage.

During the Quebec and Ontario provincial elections, CBC/Radio-Canada's regional stations delivered comprehensive and innovative multiplatform coverage of the candidates and local issues, in tune with voters' needs and interests. On the two election nights – April 7 in Quebec and June 12 in Ontario – CBC/Radio-Canada's websites and mobile apps provided a variety of digital content, allowing users to get the most out of the election experience, including access via a personalized interface and interactive results maps.

On Quebec Election day, ICI Radio-Canada.ca recorded the highest traffic in its history, with almost 1.2 million site visits, of which 34% came from a tablet or a mobile device[6]. On June 12, Ontario Election coverage on cbcnews.ca generated a total of 16.6 million page views as we provided consistent coverage on all platforms, most notably on websites and applications[7]. In addition, CBC/Radio-Canada's popular online tool *Vote Compass,* which allows voters to match their own priorities to those of the different parties, was used 480,000 times during the Quebec Election and nearly 260,000 during the Ontario one[8]. A quarter (nearly 3.5 million) of the Ontario population tuned in to election night coverage from 8:30 p.m. to midnight on CBC Television and CBC News Network. More people watched Ontario Election coverage on CBC and CBC News Network than on any other network[9].

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4 Source: Numeris (BBM Canada).

5 Source: Adobe Omniture Site Catalyst.

6 Source: Adobe Omniture Site Catalyst.

7 Source: Adobe Omniture Site Catalyst.

8 Sources: CBC.ca and ICI Radio-Canada.ca.

9 Source: Numeris (BBM Canada).

On May 27, Radio-Canada produced its first-ever Ontario Election debate in French. The Toronto station worked in collaboration with the Ottawa-Gatineau station and in partnership with TFO, the province's French-language educational channel. In another first, the debate was broadcast across all Radio-Canada platforms, as well as on community radio stations and the Ontario legislature channel.

In June, the local Radio-Canada team provided multiplatform coverage on the Moncton tragedy that was followed across the country. The regimental funeral service for the three officers, attended by close to 3,000 police officers and other mourners, was broadcast from Moncton on June 10 on CBC/Radio-Canada.

On the cultural scene, *Q with Jian Ghomeshi* hosted a special live show, *Q Live at Luminato* at the festival on June 5 in the Winter Garden Theatre in Toronto. Jian was joined by singer-songwriter and composer Rufus Wainwright, actress Isabella Rossellini, musical group A Tribe Called Red and singer-songwriter Justin Rutledge.

More digital

We continue to extend our digital presence. Radio-Canada fine-tuned and enhanced the new ICI Tou.tv web interface and EXTRA premium package (free for Rogers and Telus subscribers) launched in late March 2014, allowing users to view movies and TV series online.

On April 14, ICI Radio-Canada.ca launched a new regional page for the Greater Montreal area, providing an integrated news offering for Montreal, Laval and North/South Shore residents. Content originally produced in 2011–2013 for the Rive-Nord and Rive-Sud platforms, which experimented with ground-breaking journalism techniques, will be an integral part of this new page.

For the spring/summer 2014 season, ICI ARTV aired new programming for lovers of comic strips (*BD QC*), public and urban art (*Rendez-vous, Streetosphère*) and eco-architecture (*Casa Nova*), while continuing to round out its schedule with international hit drama series (*Les prisonniers, Le pont*). ICI EXPLORA increased its audience of science and nature buffs by offering a one-month free preview (May 15-June 15) that gave viewers access to many of its 40 new shows, including the second seasons of *N'ajustez pas votre cerveau*, *Stan Lee et les super-humains* and *Pêche à haut risque*; new series such as *Autopsie animale*, *Bienvenue chez les paresseux* and *Médecines d'ailleurs*; and special programming to commemorate the 70th anniversary of D-Day.

Effective June 2, the Espace Musique radio network and Espace.mu website were rebranded under a single name: ICI Musique. ICI Musique's digital offering (ici.musique.ca) is available on a simplified, redesigned platform, with a new mobile version for tablet and smartphone users. To address financial pressures, on June 20, Radio-Canada cancelled its regional ICI Musique radio programs in the 8:30 a.m.-to-noon slot. They were replaced by a Montreal-based show aired nationally.

The second annual cbcmusic.ca Festival took place at Deer Lake Park in Burnaby, B.C. on June 14. In the spirit of connecting music lovers with the very best Canadian and international music and concerts, and following up on the success of last year's inaugural CBCMusic.ca Festival at Toronto's Echo Beach, this year's festival featured some of the hottest musical acts in Canada, including Tegan and Sara, Spoon, Arkells, Hannah Georgas, Chad VanGaalen, Wake Owl, Belle Game and Crystal Shawanda.

For the cbcmusic.ca contest Searchlight, thousands of artists entered original tracks and more than 1.1 million listeners voted. Unique visitors to cbcmusic.ca reached an all-time high of 514,000 in April 2014, up 36 percentage points from 377,000 in March, as a result of Searchlight voting.

Other Business Matters

On May 5, President and CEO Hubert T. Lacroix spoke to the Canadian Club in Montreal. Asserting that the broadcast system is broken, he called for a nationwide, fact-based conversation about public broadcasting, the Corporation's mandate, the financing model for all participants in the Canadian media ecosystem, including CBC/Radio-Canada, and the constant evolution of the broadcasting environment.

Canadians were invited to join this conversation at CBC.Radio-Canada.ca/future. More than 33,000 responses came in from across the country. A summary of the results has been posted on the CBC/Radio-Canada's corporate site. They reflect an exciting conversation about the future direction of the public broadcaster, which has contributed to internal reflections about our new five-year strategic plan, *A space for us all*.

In October 2013, the CRTC launched the Let's Talk TV initiative, inviting Canadians to share their views on the programming available on television and how they receive that programming and to respond to an interactive questionnaire. In its Notice of Consultation, the CRTC suggested major changes to the television system based on these responses. The next step in Let's Talk TV will be a public hearing in Gatineau, in the National Capital Region, beginning on September 8, 2014 and in which CBC/Radio-Canada will be fully involved. For more details about our comments submitted in advance of the hearings, refer to Section 3.3 *Outlook and Risk Update*.

Since May 10th, the Toronto Society of Architects has included the Toronto Broadcast Center in its architecture tours of Toronto's significant buildings. As a Phillip Johnson-designed building, the Toronto Broadcast Center is now officially on the map of major buildings in Toronto along with others designed by such luminaries as Mies Van der Rohe, Daniel Liebeskind, Frank Gehry and Arthur Erickson.

Looking ahead

In the next quarter, CBC and Radio-Canada will launch fall seasons that will engage and entertain viewers, listeners and online visitors across the country. This will bring a number of important events for the Corporation, starting with the coverage of the Commonwealth Games, including daily live streaming of Games events, as well as a highlight show featuring the day's top performances. Later in the summer, CBC Television will broadcast every one of Team Canada's matches during the FIFA U-20 World Cup Canada as well as exclusively air third place and final matches, while partnering with SportsNet to air the quarter- and semi-final matches. Meanwhile, CBC will provide live TV and online coverage of the semi-finals and finals of the Men's and Women's Rogers Cup.

On the historical front, CBC/Radio-Canada will provide focused, multiplatform coverage of events leading-up to and during the 150th Anniversary of the 1864 Charlottetown Conference, which helped to pave the way to Confederation.

1. Performance Update

Our key performance indicators (KPIs), discussed below, fall into two categories:

Strategic indicators include survey results regarding fulfillment of our mandate and the degree to which programming adheres to our guiding principles. They also include measures of our Canadian content on television.

Operational indicators include measures of audience share, website visitors, subscriber counts and revenue generation for English and French Services.

Further details are provided in our 2013–2014 Annual Report.

1.1 Strategic Indicators

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

A central feature of *Strategy 2015* was the establishment of metrics to track and assess our performance. We have developed a report card that allows us to monitor how well our services fulfill the Corporation's mandate under the 1991 *Broadcasting Act* and the degree to which our programming adheres to the guiding principles of our plan.

Twice a year, in January and June, our Board of Directors is presented with the report card. Once the Board has been provided with an update, an abridged version of the report card is posted on the Corporation's website.

In addition to monitoring the overall performance of *Strategy 2015*, we have developed specific KPIs for English and French Services. These KPIs broadly measure the success of each media line across the breadth of its activities. They are taken from the media lines' business plans and reflect performance benchmarks and trends.

Indicators for specialty channels, new platforms and revenue are measured from the beginning of the fiscal year, and first quarter results for 2014–2015 are presented in Section 1.2 of this report.

Annual targets for these performance measures in 2014–2015 are also provided, as are prior year results.

Measuring our Canadian Content

Regulatory requirements for Canadian content on television are specified by the CRTC, which sets conditions of licence for ICI Radio-Canada Télé and CBC Television[10]. For the whole broadcast day, a minimum of 75% Canadian content is expected. For prime time, a minimum of 80% 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 current broadcast year-to-date and in the previous full broadcast year, ICI Radio-Canada Télé and CBC Television exceeded the CRTC's Canadian content expectations, both over the whole day and in prime time. Increased Canadian programming is key to *Strategy 2015*.

Canadian content		Yearly Regulatory Expectations[1]/ Conditions of Licence[2]	Results Sep. 1, 2013 to Jun. 30, 2014	Results Sep. 1, 2012 to Aug. 31, 2013
ICI Radio-Canada Télé				
Broadcast day	(Mon-Sun, 6:00 a.m.-12:00 a.m.)	75%	90%	84%
Prime time	(Mon-Sun, 7:00 p.m.-11:00 p.m.)	80%	91%	91%
CBC Television				
Broadcast day	(Mon-Sun, 6:00 a.m.-12:00 a.m.)	75%	94%	93%
Prime time	(Mon-Sun, 7:00 p.m.-11:00 p.m.)	80%	90%	86%

[1] Through 2012–2013 broadcast year, Canadian content levels were an "expectation".

[2] Starting in 2013–2014 broadcast year, Canadian content levels are a "condition of licence". For more details, see Broadcasting Decision CRTC 2013-263.

1.2 Operational Indicators

In addition to monitoring the overall performance of *Strategy 2015* (see section 1.1 above), we have developed key performance indicators (KPIs) for our services.

These indicators are critical to measuring our progress towards achieving our strategic business objectives and operational plans and we formulate them every year as part of the media's business plans.

Operational indicators include measures of audience share, website visits, subscriber counts and revenue generation.

Our first quarter report contains a partial list of KPIs because many of the principal targets are measured from September. They are not available for CBC Television, CBC Radio, ICI Radio-Canada Télé, ICI Radio-Canada Première and ICI Musique until the fall and are consequently not presented until our third quarterly report.

[10] Effective September 1, 2013, the CRTC's May 2013 decision renewing our TV licence, ICI Radio-Canada Télé and CBC Television has established conditions of licence regarding the airing of Canadian content. Prior to the 2013–2014 broadcast year, these had been set out as expectations of service.

French Services

Overall, performance results to date are consistent with the full-year annual targets. Based on our results to-date, we are likely to exceed the annual target set for ICI EXPLORA's subscribers. Total self-generated revenue is also tracking to the annual target, with additional revenues from growth both in services provided to independent producers and in the subscriber base for specialty channels. These trends will help somewhat offset the persistent slowdown of the advertising market.

Further updates will be provided in future quarterly financial reports.

	Annual Targets 2014–2015	April 1 to June 30 2014	Annual Results 2013–2014	April 1 to June 30 2013
Television				
ICI RDI, ICI ARTV, ICI EXPLORA				
All-day audience share April-March[1]	5.0%	5.0%	5.0%	5.4%
Regional				
Regional web pages				
Monthly average unique visitors April-March[2]	0.592 million	0.586 million	0.660 million	0.701 million
Website				
ICI Radio-Canada.ca, ICI Tou.tv, ICI Musique, RCInet.ca, ICI ARTV.ca and ICI Exploratv.ca				
Monthly average unique visitors April-March	1.8 million	1.9 million[2]	2.0 million	2.0 million
Specialty Television Channels[3]				
ICI RDI				
Subscribers	11.1 million	11.2 million	11.1 million	11.2 million
ICI ARTV				
Subscribers	2.0 million	2.0 million	2.0 million	2.0 million
ICI EXPLORA				
Subscribers	0.5 million	0.5 million	0.5 million	0.3 million
Revenue[4]				
Conventional, specialty, online	$246.1 million	$60.3 million	$243.3 million	$61.0 million

[1] Source: Numeris (BBM Canada), Portable People Meter (PPM), Francophones in Quebec that subscribe to a television distribution service, persons aged 2 years and older.

[2] Source: comScore, persons aged 2 years and older. A discrepancy was identified between our internal data and comScore's for the months of January to April 2014, which indicated the usage of ICI Radio-Canada.ca may have been underestimated. Furthermore, comScore changed its methodology starting in May 2014. For these reasons, we have only included April's results in the above table for this quarter. Over the coming months, we will gauge the impact of the changes to the comScore methodology and provide an update in our next quarterly reports.

[3] As at June 30, 2014.

[4] Revenue for ICI ARTV is reported at 100% although CBC/Radio-Canada owns 85%. Includes revenue from LPIF, a fund created by the CRTC to support local programming. Amounts reflect the phase out of the fund over three years ending August 31, 2014. Results as at June 30, 2014.

English Services

During the first quarter, CBC.ca's number of unique visitors trended higher than its target and slightly over the same period last year, driven in part by compelling news events such as our coverage of the FIFA Soccer World Cup, the Moncton tragedy and the Ontario provincial election. Similarly, the number of regional unique visitors also trended above its target.

Other indicators are trending consistent with their targets.

An update on all KPI's will be provided in future quarterly financial reports.

	Annual Targets 2014–2015	April 1 to June 30 2014	Annual Results 2013–2014	April 1 to June 30 2013
Television				
CBC News Network				
All day audience share April-March[1]	1.6%	1.5%	1.6%	1.6%
Regional				
Regional web home pages[2]				
Monthly average unique visitors April-March	N/A	N/A	0.941 million	0.995 million
Regional content				
Monthly average unique visitors April-March	3.7 million	4.0 million	N/A	N/A
Website				
CBC.ca				
Monthly average unique visitors April-March[3]	7.0 million	7.5 million	7.1 million	7.4 million
Specialty Television Channels				
CBC News Network				
Subscribers	11.2 million	11.4 million	11.3 million	11.3 million
documentary				
Subscribers	2.7 million	2.7 million	2.7 million	2.7 million
Revenue[4]				
Conventional, specialty, online	$298 million	$123 million	$390 million	$114 million

N/A not available or not applicable

[1]Source: Numeris (BBM Canada), Portable People Meter (PPM), persons aged 2 years and older. CBC News Network, fiscal year 2014–2015 to date, weeks 32-44 for broadcast year 2013–2014.

[2]Beginning this year, this metric is measured by monthly average unique visitors to any/all regional content, rather than being limited to regional home pages (i.e. landing pages). Changing audience behaviour, such as the trend to accessing content directly by searches or through social media referrals, has taken away the meaningfulness of the landing page concept as a metric in this context. Therefore, the new measurement will now accommodate this audience trend.

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

[4]Revenue for *documentary* is reported at 100% although CBC/Radio-Canada owns 82%. Includes revenue from LPIF, a fund created by the CRTC to support local programming. Amounts reflect the phase out of the fund over three years ending August 31, 2014.

2. Capability to Deliver Results

2.1 People and Leadership

People & Culture continued to deliver programs and initiatives to serve employees across CBC/Radio-Canada, while also coordinating significant workforce reductions announced in April. Following the June launch of the Corporation's new five-year strategy, *A space for us all*, we also reviewed our People and Culture strategy to ensure alignment with new priorities and promote a vibrant, agile workforce.

Workforce Adjustment

To address the budgetary shortfall for the upcoming fiscal year, our budget for 2014–2015 included the elimination of 657 full-time equivalent positions, including 573 before March 31, 2015. By the quarter's end, the majority of affected employees had been notified. The joint committee process, in which unions and CBC/Radio-Canada management work together to minimize the impact on people affected by workforce adjustments, continues to focus on keeping the number of involuntary departures as low as possible.

In June, the Corporation announced that as part of *A space for us all*, the workforce will further be reduced by 1,000 to 1,500 employees by 2020. Over the next few months, we will develop a plan for these reductions and determine how they will impact the current fiscal year.

Learning and Development

Support for transformational change has been at the forefront of Learning and Development this quarter. Our initiatives have included delivering courses at the individual level, such as *Leveraging Your Personal Power*, which enables participating employees to identify and leverage their strengths during change. We also launched webinars on effective leadership during the change. CBC/Radio-Canada's organizational development department spent the latter half of the quarter laying the foundation for a change management approach to support *A space for us all*.

Labour Relations and Talent Agreements

In May 2014, the Corporation and the Syndicat des communications de Radio-Canada (SCRC) reached an agreement to renew the collective agreement. The agreement covers the period from October 1, 2012 to February 28, 2015, and provides for retroactive salary increases of 1.4% as of March 4, 2013, and 1.4% as of March 3, 2014. This agreement was ratified in June 2014.

In June 2014, the Corporation and the Syndicat canadien de la fonction publique (SCFP) reached a tentative agreement relating to monetary and health clauses within the existing Collective Agreement, providing an increase in base salaries of 1.4% (+0.1% in the health fund) with retroactive from September 23, 2013 and a second increase in base salaries of 1.4% (+0 1% to health fund) effective September 22, 2014. The agreement was ratified soon after.

President's Awards

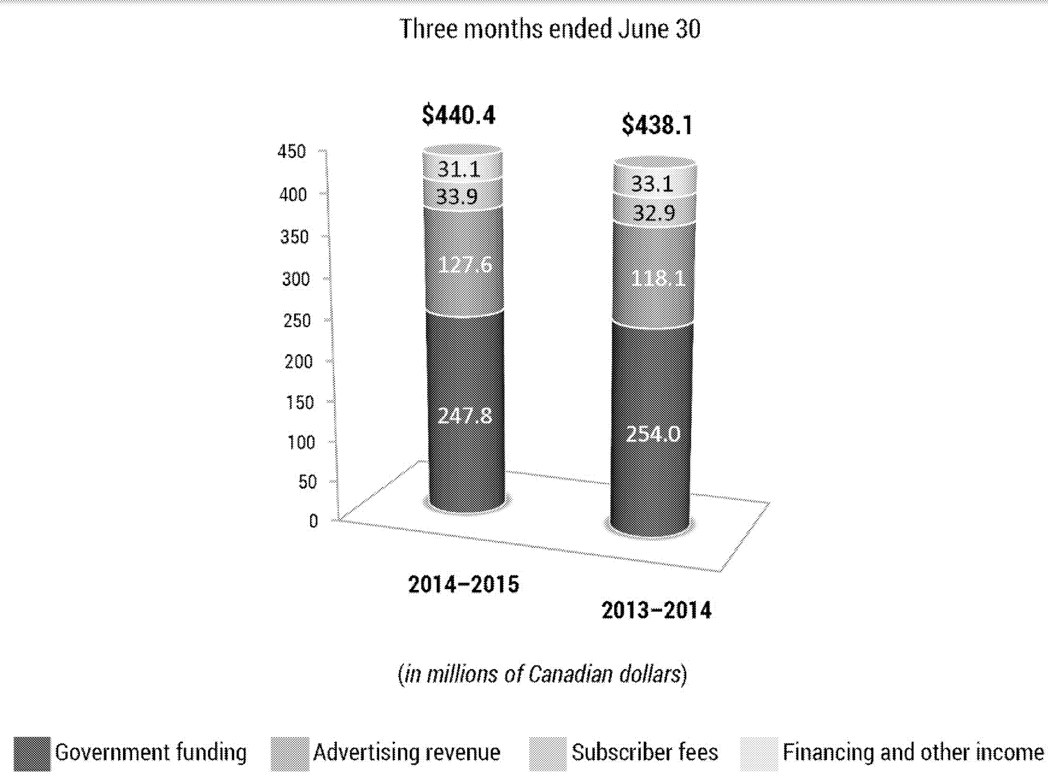
The President's Awards celebrate every type of work at CBC/Radio-Canada. Prizes range from the *Audience First* award, which recognizes those who look for new ways to engage and connect with Canadians, to the *Technical Innovation* award, which highlights the work of those who keep CBC/Radio-Canada on the cutting edge of technology. For the first time this year, employees will be able to vote for their favourite nominee in the award category of *Doing Things Better*, an award that recognizes those who constantly strive to find new and better ways of doing things.

The nomination period for the 2013 edition of the Awards ended on May 31; we received 160 nominations. Winners will be announced in the fall of 2014.

2.2 Resource Capacity

We have four sources of direct funding: government appropriations for operating and capital expenditures, advertising revenue, subscriber fees and financing and other income.

REVENUE AND SOURCES OF FUNDS



For detailed year-to-date variance analysis, see Section 3, *Results and Outlook*.

Government Funding

For the first quarter of 2014–2015, government funding was approximately 56% of total revenue and sources of funds. This included $26.7 million of amortization of deferred capital funding.

The federal government announced funding reductions in Federal Budget 2012, phased in over three years. Our share of this reduction is now $115.0 million annually. By the end of the current fiscal year, total parliamentary appropriations are expected to be $1.0308 billion, $45.5 million lower than last year.

A freeze of salary inflation funding for fiscal years 2014–2015 and 2015–2016 was confirmed by the government in its November 2013 Economic Update. This means that any salary increases for CBC/Radio-Canada employees will have to be managed through cost reductions in other areas. For an average salary increase of 1.5%, the Corporation would need to find $15.0 million in cost savings each year.

Advertising Revenue

We generate revenue by selling advertising on our conventional and specialty television channels, on CBC Radio 2, ICI Musique and other platforms. In the first quarter of 2014–2015, advertising revenue accounted for approximately 29% of our total revenue and sources of funds. Advertising revenue will decrease as a proportion of our total revenue and sources of funds because our contract with the NHL ended in June 2014. There will be a proportionate decrease in costs associated with broadcasting hockey in the future.

Advertising revenue in the first quarter is normally higher than in the second quarter, reflecting the seasonality of the broadcast schedule.

Subscriber fees

Subscriber fees from our specialty services – CBC News Network, *documentary*, ICI EXPLORA, ICI ARTV, ICI RDI, the new ICI Tou.tv EXTRA premium package and Curio.ca – generated approximately 8% of total revenue and sources of funds in the first quarter of 2014–2015.

Financing and Other Income

Financing and other income includes contributions from the Local Programming Improvement Fund (LPIF) and the Canada Media Fund (CMF). It also includes income from activities such as program sales, rental of mobile broadcasting vehicles to external parties, rental of real estate assets, leasing of space at our transmission sites and merchandising. These sources of income collectively accounted for approximately 7% of total revenue and sources of funds in the first quarter of 2014–2015. Included in these funds were $4.2 million of contributions from the LPIF, which will be eliminated on August 31, 2014.

Borrowing Authority

The *Broadcasting Act*, section 46. (1), confers on CBC/Radio-Canada the authority to borrow up to $220.0 million, or such greater amount as may be authorized by Parliament, subject to approval of the Minister of Finance. Section 54. (3.1) of the *Act* requires that our borrowing plan be included in our corporate plan for the approval of the Minister of Finance.

The confirmation of the annual borrowing authority is currently pending and any borrowings will need to be individually approved. Guidelines established by the Department of Finance limit our borrowing activities to short-term initiatives with a payback period of six years or less. Borrowing to meet working capital purposes is prohibited.

Under the *Broadcasting Act*, section 47. (1), we are an agent of the Crown and therefore have the constitutional immunities, privileges and prerogatives that are enjoyed by the Crown. The Crown is also fully liable and financially exposed for all our actions and decisions while we are operating within our mandate. In other words, our assets and liabilities are the assets and liabilities of the Government of Canada.

3. Results and Outlook

3.1 Results

Summary – Net Results

(in thousands of Canadian dollars)	For the three months ended June 30		
	2014	2013	% change
Revenue	192,592	184,152	4.6
Expenses	(469,521)	(467,000)	0.5
Government funding	247,755	253,982	(2.5)
Results before non-operating items	(29,174)	(28,866)	1.1
Non-operating items	(4,395)	(1,515)	N/M
Net results for the period	(33,569)	(30,381)	10.5
Results on a current operating basis[1]	(7,421)	(590)	N/M

N/M = not meaningful

[1] Results on a Current Operating Basis is a non-IFRS measure. A reconciliation of net results to Results on a Current Operating Basis is provided below.

IFRS Results

This quarter's revenue of $192.6 million was an increase of $8.4 million (4.6%) over the same period last year. Higher revenue was largely the result of advertising revenue from our coverage of the FIFA World Cup which started in mid-June.

Government funding recognized this quarter decreased by $6.2 million as a result of decreased funding being received for operations.

Total expenses were slightly higher by $2.5 million (0.5%) compared to the same period last year. We have reduced ongoing operating costs by approximately $10.3 million relative to the first quarter last year in response to funding reductions and other financial challenges. These cost reductions were offset by $23.2 million in downsizing charges and the receipt of a $10.4 million special dividend in June 2014 from our investment in SiriusXM Canada Holdings Inc. (SiriusXM) that was recognized as a reduction of expenses for accounting purposes. Furthermore, these ongoing operating costs included our coverage costs for the 2014 FIFA World Cup, which also contributed to the increased revenue discussed above.

Results before non-operating items amounted to a loss of $29.2 million. In addition, non-operating losses of $4.4 million, mainly from equipment disposals led to a reported loss for the period of $33.6 million. Also included in net results are items that do not currently generate or require funds from operations, as explained below.

Reconciliation of Net Results under IFRS to Results on a Current Operating Basis

CBC/Radio-Canada defines Results on a Current Operating Basis as Net Results under IFRS, less the adjustments for non-cash expenses that will not require operating funds within one year and non-cash revenues that will not generate operating funds within one year. This measure is used by management to help monitor performance and balance the Corporation's budget consistent with government funding methodology. We believe this measure provides useful complementary information to readers, while we recognize that it does not have a standard meaning under IFRS and will not likely be comparable to measures presented by other companies.

Adjustments include the elimination of non-cash pension and other employee future benefit costs, which represent the excess of the IFRS expense over the actual cash contribution for the period. Adjustments are also made for the depreciation and amortization of capital assets and the amortization of deferred capital funding because these are non-cash items. Other less significant items not funded or generating funds in the current period, primarily employee benefit-related, are adjusted for in the reconciliation to Results on a Current Operating Basis.

(in thousands of Canadian dollars)	For the three months ended June 30		
	2014	2013	% change
Net results for the period	(33,569)	(30,381)	10.5
Items not generating or requiring funds from operations			
Pension and other employee future benefits	12,399	16,085	(22.9)
Depreciation, amortization and decommissioning expenses, net of amortization of deferred capital funding	5,077	4,708	7.8
Other	8,672	8,998	(3.6)
Results on a current operating basis	(7,421)	(590)	N/M

N/M = not meaningful

Total Comprehensive Income (Loss)

(in thousands of Canadian dollars)	For the three months ended June 30		
	2014	2013	% change
Net results for the period	(33,569)	(30,381)	10.5
Other comprehensive income (loss)	(56,073)	139,115	(140.3)
Total comprehensive income (loss) for the period	(89,642)	108,734	(182.4)

In addition to pension costs included in net results, quarterly remeasurements of the Corporation's pension and other future employee benefit plans resulted in an Other comprehensive loss of $56.1 million. This was due to non-cash remeasurements from changes in actuarial assumptions and returns on plan assets.

Revenue

(in thousands of Canadian dollars)	For the three months ended June 30		
	2014	2013	% change
Advertising			
English Services	90,812	81,234	11.8
French Services	36,744	36,886	(0.4)
	127,556	118,120	8.0
Subscriber fees			
English Services	18,750	18,779	(0.2)
French Services	15,131	14,140	7.0
	33,881	32,919	2.9
Financing and other income			
English Services	13,407	14,072	(4.7)
French Services	7,362	9,459	(22.2)
Corporate Services	10,386	9,582	8.4
	31,155	33,113	(5.9)
TOTAL	192,592	184,152	4.6

The following paragraphs explain the revenue increase of $8.4 million (4.6%) in the first quarter of 2014–2015 compared to the same period last year.

Advertising

Advertising revenue increased by $9.4 million (8.0%) in the first three months of 2014–2015, mainly for English Services. The FIFA World Cup, which started in June, generated additional revenue this quarter. This increase was partly offset by lower revenue from hockey as a result of fewer games broadcast this quarter relative to the same period last year.

Subscriber fees

Subscriber fees were higher by $1.0 million compared to the same period last year. This was mainly due to the increasing popularity of ICI EXPLORA and to the launch of the new ICI Tou.tv EXTRA premium package and Curio.ca.

Financing and other income

Financing and other income decreased by $2.0 million (5.9%). This change was mainly due to the decrease in LPIF contributions by $6.2 million, reflecting the September 1, 2013 announced decrease, offset by an increase in miscellaneous revenue in English Services from the FIFA World Cup. The increase of $0.8 million (8.4%) in Corporate Services is attributable to increased revenue from renting excess space.

Operating Expenses

(in thousands of Canadian dollars)	For the three months ended June 30 2014	2013	% change
Television, radio and new media services costs			
English Services	283,260	271,910	4.2
French Services	169,596	166,911	1.6
	452,856	438,821	3.2
Transmission, distribution and collection	16,514	17,419	(5.2)
Corporate management	2,610	2,659	(1.8)
Payments to private stations	593	621	(4.5)
Finance costs	7,414	7,771	(4.6)
Share of profit in associate	(10,466)	(291)	N/M
TOTAL	469,521	467,000	0.5

N/M = not meaningful

The following paragraphs describe key changes in our operating expenses compared to the first quarter of last year.

Television, radio and new media services

English Services' and French Services' expenditures increased by $11.4 million (4.2%) and $2.7 million (1.6%) respectively. These increases were mainly due to higher costs associated with the broadcast of the FIFA World Cup and to the recognition of severance costs following the April 10th announcement of $130 million in budget cuts. This quarter's higher costs were partly offset by lower programming and promotion costs as a result of initiatives that have reduced ongoing operating costs.

Transmission, distribution and collection

Transmission, distribution and collection expenses were lower by $0.9 million (5.2%). This decrease reflects cost-saving measures implemented over the past year, including completing decommissioning work and reductions to the number of transmission sites the Corporation owns and operates.

Other operating expenses

The share of profit in associate reflects the payment of a special dividend by SiriusXM of $10.4 million on June 19, 2014.

Government Funding

(in thousands of Canadian dollars)	For the three months ended June 30		
	2014	2013	% change
Parliamentary appropriations for operating expenditures	220,036	225,126	(2.3)
Parliamentary appropriations for working capital	1,000	1,000	-
Amortization of deferred capital funding	26,719	27,856	(4.1)
TOTAL	247,755	253,982	(2.5)

Parliamentary appropriations for operating expenditures decreased by $5.1 million (2.3%) compared to the same period last year. Parliamentary appropriations are recognized based on expected needs according to forecasted revenues and expenditures for the period.

This decrease is primarily related to the reduction in government funding announced by the federal government in 2012. In fiscal year-end 2012–2013, government funding decreased by $27.8 million and by another $41.8 million in 2013–2014. The decrease will be a further $45.5 million in the current year, which represents a total reduction in government funding of $115.0 million over the three-year period.

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

Non-Operating Items

(in thousands of Canadian dollars)	For the three months ended June 30		
	2014	2013	% change
Loss on disposal of property and equipment	(4,395)	(1,515)	N/M
TOTAL	(4,395)	(1,515)	N/M

N/M = not meaningful

Non-operating losses of $4.4 million this quarter, and $1.5 million in the first quarter last year, resulted in part from the write-off of a mobile production vehicle that is no longer usable. In addition, the remainder was due to the refresh cycle of our old technology.

Total Comprehensive Income (Loss)

(in thousands of Canadian dollars)	For the three months ended June 30		
	2014	2013	% change
Net results for the period	(33,569)	(30,381)	10.5
Other comprehensive income (loss)			
Remeasurements of defined benefit plans	(56,073)	139,115	(140.3)
Total comprehensive income (loss) for the period	(89,642)	108,734	(182.4)

For total comprehensive income, the Corporation had a loss of $89.6 million, compared to a gain of $108.7 million in the first quarter last year. These amounts were driven by significant non-cash fluctuations in our pension plan's obligations and assets that occur when actual results or interest rates are different from actuarial assumptions. We recognize these changes immediately in other comprehensive income each quarter.

This quarter's other comprehensive loss of $56.1 million was driven by a decrease of 0.25% in the discount rate used to value our plan obligations, partially offset by a higher return on plan assets than that used in our assumptions.

Further information on our pension plan is provided in Note 11 to our consolidated financial statements.

3.2 Financial Condition, Cash Flow and Liquidity

Our cash flows from operating, investing and financing activities for the first quarter ended June 30, 2014 are summarized in the following table. Our cash balance on June 30, 2014 was $136.8 million, compared to $62.0 million on March 31, 2014.

Cash Position

(in thousands of Canadian dollars)	For the three months ended June 30		
	2014	2013	% change
Cash - beginning of the period	61,974	51,459	20.4
Changes in period			
Cash from operating activities	72,585	17,544	313.7
Cash used in financing activities	(25,834)	(25,763)	0.3
Cash from investing activities	28,097	20,658	36.0
Net change	74,848	12,439	501.7
Cash - end of the period	136,822	63,898	114.1

Cash from operating activities

Cash from operating activities was $72.6 million this quarter, an increase of $55.0 million compared to the same period last year. This increase was primarily due to fluctuations in working capital, as trade receivables from Winter Olympics advertising were collected in the first quarter.

Cash used in financing activities

Cash outflows for financing activities were consistent with the first quarter of last year. Cash of $25.8 million was used for interest payments, repayments of the Toronto Broadcasting Centre bonds, payments of notes payable and for meeting obligations on finance leases.

Cash from investing activities

Investing activities generated cash of $28.1 million this quarter, compared to $20.7 million in the first quarter of last years. The increase was primarily the result of dividends received from our investment in SiriusXM of $10.5 million on June 19, 2014.

3.3 Outlook and Risk Update

CBC/Radio-Canada faces significant financial challenges in 2014–2015 as it strives to achieve its strategic objectives while managing a budget shortfall.

As we announced on April 10, 2014, in order to balance the budget, we must cut $130 million and the equivalent of 657 full-time positions. These reductions are currently being implemented and will continue over the next two years, with 573 positions in 2014–2015 and 84 in 2015–2016. Our financial plan will be closely monitored and adjusted as required. Success depends on achieving our targets for revenue generation and cost reductions, and on the strength of the advertising market.

On June 26, 2014, we unveiled our new strategy *A space for us all,* which will allow us to continue to adapt and keep pace in a volatile environment. It is a framework within which the Corporation can make strategic choices, even as market conditions and audience habits evolve. The three priority areas are relevance, organizational agility and financial sustainability.

CBC/Radio-Canada must create a sustainable financial model that includes a manageable cost structure, an adequate and reliable income stream and enough free cash flow to invest in the future. Our financial plan supports *A space for us all* through four objectives:

- Reduce the fixed cost base to balance the budget for the foreseeable future;
- Set aside 5% of commercial revenue to help manage financial risk or to invest in strategic initiatives;
- Reinvest in line with strategic priorities;
- Diversify revenues and share risks through partnerships.

We will soon complete a detailed review of proposed savings and are developing detailed investment and revenue diversification approaches. We intend to finalize a comprehensive, five-year financial plan in the fall of 2014.

CBC's broadcast and digital rights contract with the NHL ended in June 2014. Rogers Communications Inc. (Rogers) was granted exclusive rights for the next twelve years, beginning with the 2014–2015 hockey season. On November 25, 2013, the Corporation reached an agreement with Rogers for the continued airing of *Hockey Night in Canada* (*HNIC*) for Saturday night and playoff hockey. Under this arrangement, we will continue to broadcast *HNIC*, a Canadian cultural icon, for the next four years but will no longer pay rights costs or retain the associated advertising revenue. We will also provide production resources for the games aired on CBC and will retain ownership of the *HNIC* brand, although editorial control will be transferred to Rogers.

In its Economic Update on November 12, 2013, the Government confirmed that it is reintroducing a salary inflation funding freeze for fiscal years 2014–2015 and 2015–2016. The impact of this has been accounted for in our recently announced reductions.

Upcoming CRTC policy reviews, such as Let's Talk TV and the Targeted Commercial Radio Review, may lead to regulatory changes affecting our television and/or radio operations and advertising revenues. In its submission to CRTC's Let's Talk TV proceeding, CBC/Radio-Canada has focused on those issues which most directly relate to its role and activities.

In particular, we are suggesting that the Commission consider the following:

- Modifying the current licencing regime to permit licenced television stations to operate without Over the Air (OTA) transmission if they so choose;
- Making changes to the funding and obligations of conventional television services. The business model for conventional television must be significantly improved, the associated regulatory obligations reduced or both, if this segment of the television industry is to survive in the long term. Specifically:
    i. Conventional television stations that do not operate OTA transmission systems should be entitled to demand affiliation fees from Broadcast Distribution Undertaking (BDUs) on the same legal basis as licenced specialty services do today.
    ii. The Commission should create a new funding mechanism to support local news programming. Monies for this fund would come from a new contribution by BDUs equal to 1% of BDU gross revenues from broadcasting services.
    iii. In the absence of a complete solution to the financial challenges facing conventional television, the regulatory obligations of these broadcasters should be reduced.
- Strengthening the support for other Canadian programming by requiring over-the-top services to contribute to the Canada Media Fund (CMF).
- We have also proposed measures to prevent anti-competitive behaviour by vertically integrated companies.

Our broadcast of premier international sporting events, such as the 2014 FIFA World Cup from June 12 to July 13, 2014 and the Rio 2016 Olympic Summer Games, will significantly increase both revenue and expenses in 2014–2015 and 2016–2017.

We expect our real estate portfolio to generate more revenue as we rent out vacant space in some of our buildings. We also expect to reduce our total cost of occupancy and real estate risk by selling and exiting some buildings that we own to become tenants in more cost-efficient premises. We continue to prepare space at the Toronto Broadcasting Centre for a new tenant that will lease approximately 168,000 square feet. We are also preparing to move in November 2014 from two owned buildings in Halifax into one rented facility. In June 2013, we initiated a Request for Proposals for redevelopment of our Montreal facility; proponents now have an additional period to submit their proposals as the submission dates were delayed and our documents amended. As announced as part of *A space for us all*, we have increased our real estate infrastructure reduction target to at least half of the current footprint, representing two million square feet, by 2020.

A full discussion of risks and mitigation strategies is included in our 2013–2014 Annual Report, supplemented, when applicable, by a discussion of changes to key risks in our quarterly reports.

4. Financial Reporting Disclosure

4.1 Future Accounting Standards

Refer to Note 2 of the condensed interim consolidated financial statements for information pertaining to accounting changes effective during 2014–2015 and for information on issued accounting pronouncements that will be effective in future years.

4.2 Critical Accounting Estimates and Judgments

Discussion and analysis of our financial condition and results of operations are based upon our condensed interim consolidated financial statements, which have been prepared in accordance with IFRS. Our significant accounting policies and accounting estimates are contained in the condensed interim consolidated financial statements (see Note 2 for our description of significant accounting policies and for more information about our critical accounting estimates and judgments).

Some of these policies require the use of judgments and assumptions because we must assess matters that are complex and uncertain by nature, and susceptible to change. These judgments and assumptions can result in measurement uncertainty which may impact the critical accounting estimates used in preparing our financial statements.

We have discussed the development, selection and application of our key accounting policies and the critical accounting estimates, judgments and assumptions they require with our senior management and the Audit Committee.

4.3 Transactions with Related Parties

Investments in associate

At June 30, 2014, the Corporation held a 14.0% equity interest and a 13.2% voting interest in SiriusXM Canada Holdings Inc. (SiriusXM) through its investment in 17,856,787 Class A subordinate voting shares.

On July 28, 2014, 4.8 million Class A shares were sold, decreasing the Corporation's equity interest to 10.2% and its voting interest to 9.7%.

Transactions with defined benefit pension plans

We made employer contributions to defined benefit plans as discussed in Note 17. We also provided management and administrative services to our defined benefit pension plans.

Statement of Management Responsibility by Senior Officials

Management is responsible for the preparation and fair presentation of these condensed interim 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 interim 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 interim consolidated quarterly financial statements.

Based on our knowledge, these unaudited condensed interim 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 interim consolidated quarterly financial statements.

Hubert T. Lacroix,

President and Chief Executive Officer

Michael Mooney,

Acting Vice-President and Chief Financial Officer

Ottawa, Canada

August 21, 2014

Condensed Interim Consolidated Statement of Financial Position (unaudited)

(in thousands of Canadian dollars)	June 30, 2014	March 31, 2014
ASSETS		
Current		
Cash	136,822	61,974
Trade and other receivables (NOTE 3)	222,229	277,020
Programming (NOTE 4)	156,678	135,389
Merchandising inventory	293	257
Prepaid expenses (NOTE 5)	31,357	97,473
Promissory notes receivable	2,348	2,308
Investment in finance lease	2,615	2,568
Derivative financial instruments	178	681
Assets classified as held for sale (NOTE 6)	3,341	6,890
	555,861	584,560
Long-term		
Property and equipment (NOTE 6)	922,120	946,537
Intangible assets (NOTE 7)	24,753	23,396
Assets under finance lease	31,969	34,083
Promissory notes receivable	45,363	45,961
Investment in finance lease	49,466	50,138
Deferred charges	22,253	22,018
Investment in associate (NOTE 8)	-	1,855
	1,095,924	1,123,988
TOTAL ASSETS	1,651,785	1,708,548
LIABILITIES		
Current		
Accounts payable and accrued liabilities (NOTE 9)	72,314	106,297
Provisions (NOTE 10)	44,179	32,623
Pension plans and employee-related liabilities (NOTE 11)	149,237	140,525
Bonds payable	16,277	21,101
Obligations under finance leases	11,923	11,743
Notes payable	6,922	8,124
Deferred revenues	9,681	9,423
Option liability	1,875	1,875
	312,408	331,711
Long-term		
Deferred revenues	17,467	18,205
Pension plans and employee-related liabilities (NOTE 11)	267,036	198,570
Bonds payable	258,042	264,599
Obligations under finance leases	30,634	33,676
Notes payable	103,737	106,930
Deferred capital funding (NOTE 13)	515,518	518,272
	1,192,434	1,140,252
Equity		
Retained earnings	146,370	236,117
Total equity attributable to the Corporation	146,370	236,117
Non-controlling interests	573	468
TOTAL EQUITY	146,943	236,585
TOTAL LIABILITIES AND EQUITY	1,651,785	1,708,548

Contingencies (NOTE 10) and Commitments (NOTE 18)

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

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

(in thousands of Canadian dollars)

	Three months ended June 30 2014	2013
REVENUE (NOTE 12)		
Advertising	127,556	118,120
Subscriber fees	33,881	32,919
Other income	28,857	30,947
Financing income	2,298	2,166
	192,592	184,152
EXPENSES		
Television, radio and new media services costs	452,856	438,821
Transmission, distribution and collection	16,514	17,419
Corporate management	2,610	2,659
Payments to private stations	593	621
Finance costs	7,414	7,771
Share of profit in associate	(10,466)	(291)
	469,521	467,000
Operating loss before Government funding and non-operating items	(276,929)	(282,848)
GOVERNMENT FUNDING (NOTE 13)		
Parliamentary appropriation for operating expenditures	220,036	225,126
Parliamentary appropriation for working capital	1,000	1,000
Amortization of deferred capital funding	26,719	27,856
	247,755	253,982
Results before non-operating items	(29,174)	(28,866)
NON-OPERATING ITEMS		
Loss on disposal of property and equipment	(4,395)	(1,515)
	(4,395)	(1,515)
Net results for the period	(33,569)	(30,381)
Net results attributable to:		
The Corporation	(33,674)	(30,442)
Non-controlling interests	105	61
	(33,569)	(30,381)

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

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

(in thousands of Canadian dollars)	Three months ended June 30	
	2014	2013
COMPREHENSIVE INCOME (LOSS)		
Net results for the period	(33,569)	(30,381)
Other comprehensive income (loss) - not subsequently reclassified to net results		
Remeasurements of defined benefit plans (NOTE 11)	(56,073)	139,115
Total comprehensive income (loss) for the period	(89,642)	108,734
Total comprehensive income (loss) attributable to:		
The Corporation	(89,747)	108,673
Non-controlling interests	105	61
	(89,642)	108,734

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

Condensed Interim Consolidated Statement of Changes in Equity (unaudited)

(in thousands of Canadian dollars)

	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at March 31, 2014	236,117	468	236,585
Changes in period			
Net results for the period	(33,674)	105	(33,569)
Remeasurements of defined benefit plans (NOTE 11)	(56,073)	-	(56,073)
Total comprehensive income (loss) for the period	(89,747)	105	(89,642)
Balance as at June 30, 2014	146,370	573	146,943

	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at March 31, 2013	50,392	560	50,952
Changes in period			
Net results for the period	(30,442)	61	(30,381)
Remeasurements of defined benefit plans (NOTE 11)	139,115	-	139,115
Total comprehensive income for the period	108,673	61	108,734
Balance as at June 30, 2013	159,065	621	159,686

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

Condensed Interim Consolidated Statement of Cash Flows (unaudited)

(in thousands of Canadian dollars)	Three months ended June 30 2014	2013
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Net results for the period	(33,569)	(30,381)
Adjustments for:		
Loss on disposal of property and equipment	4,395	1,515
Financing income	(2,298)	(2,166)
Finance costs	7,414	7,771
Change in fair value of financial instruments designated as at fair value through profit and loss	503	(67)
Depreciation of property and equipment	28,295	28,801
Amortization of intangible assets	1,597	1,728
Depreciation of assets under finance lease	2,114	2,062
Share of profit in associate	(10,466)	(291)
Change in deferred charges	(235)	(3,939)
Amortization of deferred capital funding (NOTE 13)	(26,719)	(27,856)
Change in deferred appropriations for operating expenditures	-	47,910
Change in deferred revenues [long-term]	(956)	51
Change in pension plans and employee-related liabilities [current]	8,684	11,578
Change in pension plans and employee-related liabilities [long-term]	12,393	16,079
Accretion of promissory notes receivable	(5)	(5)
Movements in working capital (NOTE 15)	81,438	(35,246)
	72,585	17,544
FINANCING ACTIVITIES		
Repayment of obligations under finance leases	(2,861)	(2,738)
Repayment of bonds	(6,090)	(5,656)
Repayment of notes	(3,069)	(2,930)
Interest paid	(13,814)	(14,439)
	(25,834)	(25,763)
INVESTING ACTIVITIES		
Parliamentary appropriations for capital funding (NOTE 13)	23,965	25,964
Acquisition of property and equipment	(9,495)	(7,912)
Acquisition of intangible assets	(2,954)	(2,748)
Proceeds from disposal of property and equipment	850	536
Collection of promissory notes receivable	555	518
Collection of finance lease receivables	589	549
Dividends received	12,321	1,473
Interest received	2,266	2,278
	28,097	20,658
Change in cash	74,848	12,439
Cash, beginning of the period	61,974	51,459
Cash, end of the period	136,822	63,898

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

Notes to the Condensed Interim Consolidated Financial Statements for the First Quarter Ended June 30, 2014 (unaudited)

(In thousands of Canadian dollars, unless otherwise noted)

1. General Information

As the national public broadcaster, CBC/Radio-Canada (the Corporation) provides radio, television and new media services in both official languages, delivering predominantly and distinct Canadian programming to reflect Canada and its regions to national and regional audiences.

The Corporation is a federal Crown Corporation domiciled in Canada. The address of the Corporation's registered office is 181 Queen Street, Ottawa ON K1P 1K9.

These condensed interim consolidated financial statements have been authorized for issuance by the Board of Directors on August 21, 2014.

2. Significant Accounting Policies

A. Statement of Compliance

The Corporation has prepared these condensed interim consolidated financial statements in accordance with Section 131.1 of the *Financial Administration* Act and International Accounting Standards 34 *Interim Financial Reporting* (IAS 34).

B. Basis of Preparation

Section 131.1 of the Financial Administration Act requires that most parent Crown Corporations prepare and make public quarterly financial reports in compliance with the Treasury Board Standard on Quarterly Financial Reports for Crown Corporations. These condensed interim consolidated financial statements have not been audited or reviewed by the Corporation's external auditor.

These interim consolidated 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. These condensed interim consolidated financial statements are intended to provide an update on the latest complete set of audited annual financial statements for the year ended March 31, 2014. Accordingly, they should be read in conjunction with the audited annual consolidated financial statements for the year ended March 31, 2014. The accounting policies used in the preparation of these condensed interim consolidated financial statements are consistent with those disclosed in the Corporation's audited annual consolidated financial statements, except for the changes in accounting policies discussed in Note 2C.

2. Significant Accounting Policies (Continued)

Key sources of Estimation Uncertainty and Critical Judgments

The preparation of these condensed interim consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities at the date of such financial statements and the reported amounts of revenues and expenses recorded during the period, as well as all related disclosures.

Estimates are regularly reviewed by management and changes in those estimates are recognized prospectively by including them in the Condensed Interim Consolidated Statement of Income (Loss) 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. Similarly, critical judgments are reassessed at each reporting date.

There have been no changes made to the Corporation's key estimates or critical judgments since the Corporation's last audited annual consolidated financial statements at March 31, 2014.

C. Adoption of New and Revised International Financial Reporting Standards

The following new pronouncements issued by the International Accounting Standards Board (IASB) or the IFRS Interpretations Committee were adopted by the Corporation effective April 1, 2014. These pronouncements had no impact on the condensed interim consolidated financial statements as at and for the quarter ended June 30, 2014.

Amendments to IAS 36 *Impairment of Assets*

IAS 36 was amended in May 2013 to provide additional disclosure on the measurement of the recoverable amount of impaired assets, particularly if that amount is based on the fair value less costs of disposal. These amendments were effective for annual reporting periods beginning on or after January 1, 2014, on a retrospective basis.

IFRIC 21 *Levies*

IFRIC 21, effective for annual periods beginning on or after January 1, 2014, was issued in May 2013 to provide guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain.

2. Significant Accounting Policies (Continued)

D. Future Accounting Changes

The Corporation has reviewed new and revised accounting pronouncements as well as the ongoing annual improvements 2010–2012 and 2011–2013 that have been issued. Conclusions made regarding the expected impact of future changes in accounting policies could change until the standards are fully adopted.

The Corporation has completed its assessment of the following amendments and annual improvements and has concluded that their adoption will not have an impact on its consolidated financial statements:

Amendments to IAS 16 *Property, Plant and Equipment and IAS 38 Intangible Assets*

IAS 16 and IAS 38 were amended in May 2014 to clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate and that, for intangible assets, there is a rebuttable presumption that amortization based on revenue is not appropriate. These amendments are effective for annual reporting periods beginning on or after January 1, 2016, on a retrospective basis.

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*

IAS 19 was amended in November 2013 to allow for employee contributions that are linked solely to the employee's service rendered in the same period in which those contributions are payable to be accounted for as a reduction in the cost of short-term employee benefits. These amendments are effective for annual reporting periods beginning on or after July 1, 2014, on a retrospective basis.

Annual Improvements to IFRSs: 2010–2012 Cycle and 2011–2013 Cycle (both issued in December 2013)

The Annual Improvements to IFRSs 2010–2012 Cycle and the Annual Improvements to IFRS 2011–2013 Cycle were issued in December 2013. These improvements include a number of amendments to various IFRSs which are effective for annual reporting periods beginning on or after July 1, 2014, on a retrospective basis.

2. Significant Accounting Policies (Continued)

The Corporation is still assessing the potential impact of the following standards on its consolidated financial statements:

IFRS 9 *Financial Instruments*

IFRS 9, issued in November 2009 and amended in October 2010, is part of a multi-phase 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. Some of these phases are currently complete and are available for early adoption. In November 2013, the IASB removed the mandatory effective date for IFRS 9 until the project is closer to completion. In addition to this logical model for classification and measurement, the final IFRS 9 issued in July 2014 includes a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. This standard will become effective for annual periods beginning January 1, 2018 on a retrospective basis.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 and supersedes IAS 18 *Revenue* and IAS 11 *Construction Contracts* and a number of revenue-related interpretations. The objective of IFRS 15 is to establish the principles that an entity must apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. This Standard will become effective for annual periods beginning on or after January 1, 2017, on a retrospective basis.

3. Trade and Other Receivables

(in thousands of Canadian dollars)	June 30, 2014	March 31, 2014
Trade receivables	211,665	263,554
Allowance for doubtful accounts	(3,702)	(3,719)
Other	14,266	17,185
	222,229	277,020

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 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 new customers, 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 at least once a year to determine whether adjustments are required. In addition, the Corporation monitors its customers throughout the year for any indications of deterioration in credit quality.

3. Trade and Other Receivables (Continued)

Trade receivables disclosed above include amounts that are past due at the end of the reporting period (see Note 3A) 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 fact that a significant portion of sales are made to advertising agencies results in some concentration of credit risk. The Corporation considers this type of credit risk to be limited based on past experience. In addition, the Corporation mitigates the credit risk of advertising receivables by performing initial and ongoing credit evaluations of advertising customers.

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

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

(in thousands of Canadian dollars)	June 30, 2014	March 31, 2014
31 - 60 days	32,035	129,016
61 - 90 days	31,851	21,195
Over 90 days	41,888	16,858
Total	105,774	167,069

B. Movement in Allowance for Doubtful Accounts

(in thousands of Canadian dollars)	June 30, 2014	March 31, 2014
Opening balance	(3,719)	(3,627)
Amounts written off during the period as uncollectible	253	831
Impairment losses reversed	159	523
Net increase in allowance for new impairments	(395)	(1,446)
Balance, end of period	(3,702)	(3,719)

4. Programming

A. Programming by Category

(in thousands of Canadian dollars)	June 30, 2014	March 31, 2014
Programs completed	63,409	70,149
Programs in process of production	68,828	42,668
Broadcast rights available for broadcast	24,441	22,572
	156,678	135,389

B. Movement in Programming

(in thousands of Canadian dollars)	June 30, 2014	March 31, 2014
Opening balance	135,389	145,379
Additions	307,565	1,126,099
Programs broadcast	(286,276)	(1,136,089)
Balance, end of period	156,678	135,389

Programming includes amounts for television programs.

The programming write-offs for the three months ended June 30, 2014, amount to $1.0 million (2013 – $1.6 million) and are included in the Programs broadcast line in the above table. Programming write-offs are mainly due to terminated projects, programs not telecasted in the past two years, programming not suitable for telecast or pilots not progressing into a series.

5. Prepaid expenses

(in thousands of Canadian dollars)	June 30, 2014	March 31, 2014
Programming rights	7,121	76,340
Service agreements	24,236	21,133
	31,357	97,473

6. Property and Equipment

A. Cost and Accumulated Depreciation

The property and equipment carrying amounts are as follows:

(in thousands of Canadian dollars)	June 30, 2014	March 31, 2014
Cost	2,096,986	2,153,623
Accumulated depreciation	(1,174,866)	(1,207,086)
	922,120	946,537

6. Property and Equipment (Continued)

(in thousands of Canadian dollars)	Land	Buildings	Leasehold improvements	Technical equipment	Other	Uncompleted capital projects	Total
Cost as at March 31, 2014	174,709	547,264	52,874	1,209,026	142,580	27,170	2,153,623
Additions	-	-	-	889	535	8,071	9,495
Transfers	-	9,565	108	3,883	1,298	(14,854)	-
Assets classified as held for sale	(115)	(3,511)	-	-	-	-	(3,626)
Disposals and write-offs	(85)	(689)	-	(56,420)	(5,312)	-	(62,506)
Cost as at June 30, 2014	174,509	552,629	52,982	1,157,378	139,101	20,387	2,096,986
Accumulated depreciation as at March 31, 2014	-	(179,369)	(25,836)	(895,476)	(106,405)	-	(1,207,086)
Depreciation for the period	-	(8,770)	(786)	(15,577)	(3,162)	-	(28,295)
Reclassification of depreciation on assets classified as held for sale	-	3,511	-	-	-	-	3,511
Reclassification of depreciation on disposals and write-offs	-	188	-	51,804	5,012	-	57,004
Accumulated depreciation as at June 30, 2014	-	(184,440)	(26,622)	(859,249)	(104,555)	-	(1,174,866)
Net carrying amount as at June 30, 2014	174,509	368,189	26,360	298,129	34,546	20,387	922,120

(in thousands of Canadian dollars)	Land	Buildings	Leasehold improvements	Technical equipment	Other	Uncompleted capital projects	**Total**
Cost as at March 31, 2013	179,207	542,901	52,866	1,274,106	138,738	23,479	2,211,297
Additions	-	-	-	14,472	5,130	58,055	77,657
Transfers (refer to Note 7)	-	9,141	1,147	35,102	7,111	(54,358)	(1,857)
Assets classified as held for sale	(4,480)	(2,353)	-	-	-	-	(6,833)
Disposals and write-offs	(18)	(2,425)	(1,139)	(114,654)	(8,399)	(6)	(126,641)
Cost as at March 31, 2014	174,709	547,264	52,874	1,209,026	142,580	27,170	2,153,623
Accumulated depreciation as at March 31, 2013	-	(146,971)	(23,910)	(940,444)	(102,262)	-	(1,213,587)
Depreciation for the year	-	(34,822)	(3,065)	(64,167)	(12,389)	-	(114,443)
Reclassification of depreciation on assets classified as held for sale	-	1,021	-	-	-	-	1,021
Reclassification of depreciation on disposals and write-offs	-	1,403	1,139	109,135	8,246	-	119,923
Accumulated depreciation as at March 31, 2014	-	(179,369)	(25,836)	(895,476)	(106,405)	-	(1,207,086)
Net carrying amount as at March 31, 2014	174,709	367,895	27,038	313,560	36,175	27,170	946,537

6. Property and Equipment (Continued)

The contractual commitments for the acquisition of property and equipment are $22.1 million as at June 30, 2014 (March 31, 2014 – $15.3 million).

B. Impairment and Other Charges

No impairment loss was recorded during the three months ended June 30, 2014 (2013 – nil).

C. Assets Classified as Held For Sale

The Corporation classifies an asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is met only when the sale is probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. An asset held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

As part of the Corporation's financial plan, it has developed a strategy to reduce ownership in land and buildings. As part of this initiative, the Corporation has several properties classified as held for sale for accounting purposes at June 30, 2014, that have a total carrying value of $3.0 million (March 31, 2014 – $6.4 million). These properties are expected to be sold on a site by site basis over the next twelve months.

The Corporation has also classified as held for sale 23 transmission sites (March 31, 2014 – 26 transmission sites) no longer required following the end of TV analogue transmission. These sites have a net carrying amount of $0.3 million as at June 30, 2014, (March 31, 2014 – $0.5 million) and are expected to be sold on a site by site basis over the next twelve months.

D. Items Disposed of During the Period

During the quarter, the Corporation wrote off one of its mobile production vehicles that are no longer usable. The carrying value of the equipment was $2.4 million.

In June 2014, the Corporation sold a property located in Halifax, Nova Scotia that was previously held for sale. The proceeds on the sale of this property was $3.8 million and resulted in a gain of $0.4 million.

There were no individually significant disposals recorded during the period ended June 30, 2013.

7. Intangible Assets

The intangible assets carrying amounts are as follows:

(in thousands of Canadian dollars)	June 30, 2014	March 31, 2014
Cost	171,683	169,728
Accumulated amortization	(146,930)	(146,332)
	24,753	23,396

(in thousands of Canadian dollars)	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost as at March 31, 2014	140,893	23,887	4,948	169,728
Additions	-	10	2,944	2,954
Transfers	400	638	(1,038)	-
Disposals and write-offs	(999)	-	-	(999)
Cost as at June 30, 2014	140,294	24,535	6,854	171,683
Accumulated amortization as at March 31, 2014	(136,720)	(9,612)	-	(146,332)
Amortization for the period	(470)	(1,127)	-	(1,597)
Reclassification of depreciation on disposals and write-offs	999	-	-	999
Accumulated depreciation as at June 30, 2014	(136,191)	(10,739)	-	(146,930)
Net carrying amount as at June 30, 2014	4,103	13,796	6,854	24,753

(in thousands of Canadian dollars)	Internally developed software	Acquired software	Uncompleted capital projects	**Total**
Cost as at March 31, 2013	139,316	14,316	2,293	155,925
Additions	-	117	12,419	12,536
Transfers (refer to Note 6)	2,167	9,454	(9,764)	1,857
Disposals and write-offs	(590)	-	-	(590)
Cost as at March 31, 2014	140,893	23,887	4,948	169,728
Accumulated amortization as at March 31, 2013	(134,328)	(4,034)	-	(138,362)
Amortization for the year	(2,982)	(5,578)	-	(8,560)
Reclassification of depreciation on disposals and write-offs	590	-	-	590
Accumulated amortization as at March 31, 2014	(136,720)	(9,612)	-	(146,332)
Net carrying amount as at March 31, 2014	4,173	14,275	4,948	23,396

8. Investment in Associate

As at June 30, 2014, the Corporate held 17,856,787 Class A Subordinate Voting Shares in Sirius XM Canada Holdings Inc. (SiriusXM), which represented a 13.95% equity interest and a 13.24% voting interest. These shares were obtained following the conversion on March 21, 2014, of the 53,570,361 Class B Voting Shares previously held by the Corporation. The Corporation's equity interest remained unchanged following this transaction.

The Corporation has a seat on the Board of Directors through its ownership of a 13.95% equity interest in SiriusXM. The Corporation therefore holds the power to participate in the financial and operating policy decisions of SiriusXM through this board representation, its voting interest and its ongoing business relationship with SiriusXM. As such, the Corporation concludes that it exerts significant influence and applies the equity method of accounting to its investment in SiriusXM.

SiriusXM's fiscal year end is August 31, which differs from that of the Corporation. IAS 28, *Investments in Associates and Joint Ventures* (IAS 28), 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 interim results of SiriusXM for the period up to May 31, 2014, which falls within the allowed three month window. This corresponds to the latest information available for Sirius XM that can be disclosed publicly. IAS 28 also requires an adjustment to results for any significant transactions that occur during the intervening period. No such adjustments were necessary for the quarter ended June 30, 2014 (2013 – nil).

The fair value of the Corporation's investment in SiriusXM at June 30, 2014, was $125.0 million (March 31, 2014 – $154.5 million). The fair value was determined using the closing market price of SiriusXM Class A shares at June 30, 2014, and as such, the fair value measurement is considered a Level 1 measurement in the fair value hierarchy.

SiriusXM has a policy to pay dividends on a quarterly basis, as well as to issue special dividends at their discretion. For the three months ended June 30, 2014, the Corporation received quarterly and special dividends from SiriusXM totalling $12.3 million (2013 – $1.5 million).

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

(in thousands of Canadian dollars)	Ownership interest as at:		Carrying value as at:	
	June 30, 2014	March 31, 2014	June 30, 2014	March 31, 2014
SiriusXM - Class A shares	14%	14%	-	1,855

Refer to Note 19 for details on changes to the Corporation's investment subsequent to the end of the quarter.

The summarized financial information presented below represents the amounts included in the IFRS financial statements of SiriusXM:

(in thousands of Canadian dollars)	June 30, 2014[1]	March 31, 2014[2]
Current Assets	117,202	63,913
Long-term assets	291,996	294,109
Current liabilities	(274,184)	(201,551)
Non-current liabilities	(213,817)	(143,184)
Net Assets	(78,803)	13,287

[1]These amounts reflect the SiriusXM balances as at May 31, 2014.

[2]These amounts reflect the SiriusXM balances as at February 28, 2014.

8. Investment in Associate (Continued)

(in thousands of Canadian dollars)	June 30, 2014[1]	June 30, 2013[2]
Revenue	71,425	73,686
Net results and total comprehensive (loss) income	(4,860)	776

[1]Amounts for the quarter ended June 30, 2014, include SiriusXM results for the 3-month period ended May 31, 2014.

[2]Amounts for the quarter ended June 30, 2013, include SiriusXM results for the 3-month period ended May 31, 2013.

A reconciliation of the summarized financial information above to the carrying amounts of SiriusXM recorded on the Condensed Interim Consolidated Statement of Financial Position is as follows:

(in thousands of Canadian dollars)	June 30, 2014	March 31, 2014
Opening balance	1,855	3,473
Share of profit in associate	10,466	4,440
Dividends received	(12,321)	(7,098)
Dilution gain	-	1,040
Balance, end of period	-	1,855

The Corporation's proportionate share of SiriusXM's unrecognized losses is $0.5 million (March 31, 2014 – nil).

SiriusXM has no discontinued operations. There are no significant restrictions imposed on SiriusXM relating to their ability to transfer funds to their investors.

The Corporation has not incurred any contingent liabilities or commitments in relation to its associate.

9. Accounts Payable and Accrued Liabilities

(in thousands of Canadian dollars)	June 30, 2014	March 31, 2014
Trade payables	20,658	38,806
Accruals	49,182	64,318
Other	2,474	3,173
	72,314	106,297

10. Provisions

(in thousands of Canadian dollars)	June 30, 2014				
			Restructuring costs		
	Claims and legal proceedings	Environmental	Workforce reduction	Decommissioning	Total
Opening balance	31,130	588	-	905	32,623
Additional provisions recognized	3,871	-	9,095	-	12,966
Provisions utilized	(96)	-	-	(211)	(307)
Reductions resulting from remeasurement or settlement without cost	(1,103)	-	-	-	(1,103)
Balance, end of period	33,802	588	9,095	694	44,179

A. Restructuring costs

Restructuring costs incurred during the first quarter of the year have arisen following the Corporation's announcement in April 2014 related to a budget shortfall and other financial pressures totaling $130 million. The Corporation's restructuring plan requires the elimination of 657 positions over two years. Expenses recognized to date include workforce reductions where demonstrably committed and estimable.

The Corporation's decommissioning provision includes work associated with the shutdown of both analogue television and shortwave transmission services. Work associated with the provision of $0.7 million (March 31, 2014 – $0.9 million) is expected to be completed within the next year.

B. 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 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 condensed interim consolidated financial statements. At June 30, 2014, the Corporation had provisions amounting to $33.8 million (March 31, 2014 – $31.1 million) in respect of legal claims. All matters are classified as current as, where estimable, the Corporation expects them to be resolved within 12 months.

C. Environmental liabilities

At June 30, 2014, the Corporation had a provision of $0.6 million for one environmental matter (March 31, 2014 – $0.6 million). 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. The total costs associated with remediation work at this site have been estimated at $0.6 million. A significant portion of the work is expected to be completed during the summer of 2014, although the project may require up to 6 years to complete.

10. Provisions (Continued)

D. Contingencies

Litigations are subject to many uncertainties and the outcome of individual matters is not always predictable. Contingent liabilities are potential liabilities, which may become actual liabilities when one or more future events occur or fail to occur. No amounts have been recorded in relation to contingent liabilities.

11. Pension Plans and Employee-Related Liabilities

Employee-related liabilities are as follows:

(in thousands of Canadian dollars)	Current		Long-term	
	June 30, 2014	March 31, 2014	June 30, 2014	March 31, 2014
Net defined benefit liability	-	-	129,163	61,961
Employee future benefits	-	-	137,751	136,481
Vacation pay	65,433	59,282	-	-
Workforce reduction	20,649	8,125	-	-
Salary-related liabilities	63,155	73,118	122	128
	149,237	140,525	267,036	198,570

The risks associated with the Corporation's defined benefit plan are as follows:

Funding risk: One of the primary risks that plan sponsors face is funding risk, which is the risk that the investment asset growth and contribution rates of the Corporation's pension plan will not be sufficient to cover the pension obligations, resulting in unfunded liabilities. When a funding deficit exists, regulatory authorities require that special contributions be made over specified future periods.

The major contributors to funding risk are the declines in discount rates and investments failing to achieve expected returns. In addition, the pension obligations are affected by non-economic factors like changes in member demographics.

Funding risk is managed by monitoring and reviewing the funded ratio on an ongoing basis and ensuring that investment decisions are made in accordance with established investment policies and procedures and applicable legislation. The Statement of Investment Policies and Procedures (SIPP) is reviewed annually by the CBC Pension Board of Trustees with a view to provide the pension plans with long-term rate of return sufficient to assist the plans in meeting funding objectives and the ongoing growth of pension obligations.

Other risks: The plan's assets are also subject to a variety of financial risks as a result of investment activities. These risks include credit risk, market risk (interest rate, currency risk and price risk) and liquidity risk. In addition, the defined benefit obligation and costs are subject to measurement uncertainty due to the use of actuarial assumptions (see below). The impact of these factors on the remeasurement of the pension benefit asset, and pension, other post-employment and other long-term benefit liabilities can be significant and volatile at times.

11. Pension Plans and Employee-Related Liabilities (Continued)

The significant actuarial assumptions used for the purposes of determining the defined benefit obligation and pension benefit costs were as follows:

Assumptions – annual rates	June 30, 2014	March 31, 2014
Assumptions for the calculation of pension benefit costs:		
Discount rate	4.25%	4.00%
Assumptions for the calculation of the benefit obligation:		
Discount rate - pension	4.00%	4.25%
Discount rate - long service gratuity	3.25%	3.50%
Discount rate - LTD benefit	3.25%	3.50%
Discount rate - life insurance	4.00%	4.00%
Mortality	CBC Pensioner mortality table based on CBC experience	CBC Pensioner mortality table based on CBC experience
Long-term rate of compensation increase, excluding merit and promotion	1.50% in 2014, 2015 & 2.75% thereafter	1.50% in 2014, 2015 & 2.75% thereafter
Health care cost trend rate	7.77% in 2014 declining to 4.5% over 14 years	7.77% in 2014 declining to 4.5% over 14 years
Indexation of pensions in payment	1.65%	1.65%

The Plan is funded on the basis of actuarial valuations, which are made annually. Employees are required to contribute to the Plan a percentage of their pensionable salary. The Corporation provides the balance of the funding, as required, based on actuarial valuations.

The contribution rate for full-time employees is as follows:

	2014	2013
For earnings up to the maximum public pension plan earnings[1]		
April 1 to June 30	6.19%	5.53%
For incremental earnings in excess of the maximum public pension plan earnings[1]		
April 1 to June 30	8.14%	7.27%

[1] The maximum public pension earnings for 2014 is $52,500 (2013: $51,100).

Cash payments for pension, other post-employment and other long-term benefits for the Corporation were as follows:

(in thousands of Canadian dollars)	June 30, 2014	June 30, 2013
Benefits paid directly to beneficiaries	2,967	3,336
Employer regular contributions to pension benefit plans	14,034	13,855
Total cash payments for defined benefit plans	17,001	17,191

11. Pension Plans and Employee-Related Liabilities (Continued)

The amount included in the Condensed Interim Consolidated Statement of Financial Position arising from the Corporation's obligation in respect of its defined benefit plans is as follows:

(in thousands of Canadian dollars)		June 30, 2014			March 31, 2014	
	Funded pension plan	Unfunded pension plans	Other post-employment plans	Funded pension plan	Unfunded pension plans	Other post-employment plans
Fair value of plan assets	5,749,942	-	-	5,587,972	-	-
Defined benefit obligation	5,788,089	91,016	137,751	5,562,330	87,603	136,481
Net (liability) asset arising from defined benefit obligation	(38,147)	(91,016)	(137,751)	25,642	(87,603)	(136,481)

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

(in thousands of Canadian dollars)		June 30, 2014		March 31, 2014
	Pension plans	Other post-employment plans	Pension plans	Other post-employment plans
Opening defined benefit obligation	5,649,933	136,481	5,586,813	150,126
Current service cost	24,710	1,188	109,923	5,825
Interest cost	59,321	1,147	221,228	5,289
Contributions from employees	9,990	-	47,833	-
Remeasurements:				
Actuarial losses (gains) arising from changes in demographic assumptions	-	-	215,950	(6,659)
Actuarial losses (gains) arising from changes in financial assumptions	207,676	1,902	(239,362)	(3,680)
Actuarial gains arising from experience adjustments	(3,800)	-	(21,093)	-
Benefits paid	(68,725)	(2,967)	(271,359)	(14,420)
Closing defined benefit obligation	5,879,105	137,751	5,649,933	136,481

11. Pension Plans and Employee-Related Liabilities (Continued)

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

(in thousands of Canadian dollars)	June 30, 2014		March 31, 2014	
	Pension plans	Other post-employment plans	Pension plans	Other post-employment plans
Opening fair value of plan assets	5,587,972	-	5,393,484	-
Administration fees (other than investment management fees)	(1,335)	-	(5,300)	-
Interest income on plan assets	58,449	-	212,490	-
Return on plan assets, excluding interest income	149,557	-	149,519	-
Contributions from employees	9,990	-	47,833	-
Contributions from the Corporation	14,034	2,967	61,305	14,420
Benefits paid	(68,725)	(2,967)	(271,359)	(14,420)
Closing fair value of plan assets	5,749,942	-	5,587,972	-

Amounts recognized in comprehensive income (loss) in respect to these defined benefit plans are indicated in the table below:

(in thousands of Canadian dollars)	June 30, 2014	June 30, 2013
Current service cost	25,898	28,797
Administration fees (other than investment management fees)	1,335	1,325
Interest cost on defined benefit obligation	60,468	56,558
Interest income on plan assets	(58,449)	(53,122)
Remeasurements recognized in net results	148	(282)
Expense recognized in net results	29,400	33,276
Plus:		
Remeasurements recognized in other comprehensive income (loss)	56,073	(139,115)
Total amounts recognized in comprehensive income (loss)	85,473	(105,839)

Retained earnings include $123.8 million of cumulative actuarial gains as at June 30, 2014 (March 31, 2014 gains – $179.9 million).

11. Pension Plans and Employee-Related Liabilities (Continued)

The total expense recognized in net results has been recorded in the Corporation's Condensed Interim Consolidated Statement of Comprehensive Income (Loss) as follows:

(in thousands of Canadian dollars)	June 30, 2014	June 30, 2013
Television, radio and new media services costs	28,224	32,019
Transmission, distribution and collection	882	943
Corporate management	294	314
Total	29,400	33,276

12. Revenue

The Corporation has recognized revenue from the following sources:

(in thousands of Canadian dollars)	June 30, 2014	June 30, 2013
Advertising	127,556	118,120
Subscriber fees	33,881	32,919
Building, tower, facility and service rentals	10,228	9,799
Production revenue	2,935	2,964
Digital programming	9,040	3,136
Retransmission rights	760	761
Program sponsorship	621	1,185
Other services	111	1,075
Total Rendering of services	185,132	169,959
Total Financing income	2,298	2,166
Contribution from the Local Programming Improvement Fund (LPIF)	4,153	10,388
Contra revenues other than advertising	938	1,344
Gain on foreign exchange rates	570	223
Net (loss) gain from fair value of financial instruments	(499)	72
Total Revenue	192,592	184,152

13. Government Funding

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

(in thousands of Canadian dollars)	June 30, 2014	June 30, 2013
Operating funding	220,036	273,036
Capital funding	23,965	25,964
Working capital funding	1,000	1,000
	245,001	300,000

Government funding approved and received by the Corporation during the quarter is recorded as follows in the condensed interim consolidated financial statements.

Parliamentary appropriations for operating expenditures are recognized in the Condensed Interim Consolidated Statement of Income (Loss) based on the net difference between quarterly budgeted expenses and self-generated revenue.

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.

Capital funding received is recorded as Deferred Capital Funding in the Condensed Interim Consolidated Statement of Financial Position, with income being recognized in the Condensed Interim Consolidated Statement of Income (Loss) on the same basis and over the same periods as the related property, equipment and intangible assets.

(in thousands of Canadian dollars)	June 30, 2014	March 31, 2014
Opening balance	518,272	525,696
Government funding for capital expenditures	23,965	103,856
Amortization of deferred capital funding	(26,719)	(111,280)
Balance, end of period	515,518	518,272

14. Seasonality

Excluding government appropriations, approximately 60% 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% of the Corporation's revenue.

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

15. Movements in Working Capital

(in thousands of Canadian dollars)	June 30, 2014	June 30, 2013
Changes in Working Capital are comprised of:		
Trade and other receivables	58,793	(12,630)
Programming	(21,289)	(12,139)
Merchandising inventory	(36)	(24)
Prepaid expenses	66,116	35,128
Accounts payable and accrued liabilities	(33,988)	(33,026)
Provisions	11,556	910
Deferred revenues	258	1,067
Pension plans and employee-related liabilities	28	(14,532)
	81,438	(35,246)

16. Fair Value Measurements

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

The carrying values and fair values of the Corporation's remaining financial assets and financial liabilities are listed in the following table:

(in thousands of Canadian dollars)	June 30, 2014		March 31, 2014			
	Carrying values	Fair values	Carrying values	Fair values	Method	Note
Financial instruments measured at fair value on a recurring basis:						
Derivative financial asset instruments						
Forward contracts	11	11	446	446	Level 2	(a)
Stock options	167	167	235	235	Level 2	(b)
Financial instruments measured at amortized cost:						
Promissory notes receivable (long-term)	45,363	52,114	45,961	52,416	Level 2	(c)
Investment in finance lease (long-term)	49,466	57,455	50,138	57,745	Level 2	(c)
Bonds payable (long-term)	258,042	338,447	264,599	346,602	Level 2	(d)
Obligations under finance leases (long-term)	30,634	32,249	33,676	35,597	Level 2	(d)
Notes payable (long-term)	103,737	114,103	106,930	116,740	Level 2	(d)

16. Fair Value Measurements (Continued)

"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 and indirectly observable market inputs other than Level 1 inputs
- Level 3 – inputs that are not based on observable market data (unobservable inputs)

There have been no transfers between levels during the quarter ended June 30, 2014.

(a) The fair value is based on a discounted cash flow model based on observable future market prices.

(b) The fair value is determined using an option pricing model whose key inputs include the closing price of the related shares, published Government bond rates and directly observable dividend yields.

(c) The fair values related to the various amounts receivable were determined using the expected future cash flows and discounted using published Government bond rates with similar terms and characteristics, adjusted by a factor that reflect the credit worthiness of the various counterparties.

(d) The fair values related to the Corporation's various financial liabilities were determined using the expected future cash flows and were discounted using published Government bond rates with similar terms and characteristics, adjusted by a factor that reflects the Corporation's credit worthiness.

17. Related Parties

The Corporation enters into transactions with 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:

A. Transactions with Related Parties Excluding Government-Related Entities

(in thousands of Canadian dollars)	Rendering of services		Pension contributions	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Associate	672	561	-	-
Other related entities[1]	30	30	-	-
Corporate Pension Plan		-	14,034	13,855
	702	591	14,034	13,855

[1] Transations with other related entities primarily relate to administration services provided to the Corporate Pension Plan.

The Corporation did not record any amounts related to the receipt of services from its related parties during the period ended June 30, 2014 (2013 – nil).

17. Related Parties (Continued)

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

(in thousands of Canadian dollars)	Amounts owed by related parties	
	June 30, 2014	March 31, 2014
Associate	381	379
Other related entities	8	8
	389	387

There are no amounts owing to related parties as at June 30, 2014 (March 31, 2014 – nil).

The amounts outstanding are unsecured and will be settled in cash. No expense has been recognized in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

B. Other Transactions with Associate

There were no significant transactions with the Corporation's associate during the current or previous fiscal year other than the dividends received, as discussed in Note 8.

C. Transactions with Government-Related Entities

CBC/Radio-Canada is a Federal Crown Corporation that 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 and rendering and receiving of services.

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 months ended June 30, 2014, the aggregate amount of the Corporation's significant transactions with other government-related entities amounted to $0.2 million of its rendering of services (2013 – $0.2 million) and $0.4 million of its purchase of goods and services (2013 – $0.7 million). There were no individually significant transactions during the three months ended June 30, 2014 (2013 – none).

18. Commitments

The Corporation enters into commitments by renewing purchase agreements and entering into new purchase agreements. Commitments also arise because the Corporation enters into operating leases related to property, network distribution and equipment. Management estimates that these new commitments, for the three months ended June 30, 2014, will result in future expenditures of approximately $54.4 million (2014 – $26.6 million).
As at June 30, 2014, the Corporation's total commitments amounted to $531.7 million (March 31, 2014 – $455.9 million) and will span the next 45 years.

19. Subsequent Event

On July 28, 2014, the Corporation sold 4,800,000 of its Class A shares in SiriusXM for net proceeds of $33.5 million. Following this transaction, the Corporation holds a 10.2% equity interest in SiriusXM and a 9.7% voting interest.