

Condensed Interim Consolidated Statement of Financial Position (unaudited)

(in thousands of Canadian dollars)

	December 31, 2014	March 31, 2014 (Revised - NOTE 2E)
ASSETS		
Current		
Cash	115,940	61,974
Trade and other receivables (NOTE 3)	165,073	277,020
Programming (NOTE 4)	206,529	211,728
Merchandising inventory	258	257
Prepaid expenses	34,001	21,134
Promissory notes receivable	2,431	2,308
Investment in finance lease	2,710	2,568
Derivative financial instruments	130	681
Assets classified as held for sale (NOTE 5)	1,912	6,890
	528,984	584,560
Long-term		
Property and equipment (NOTE 5)	894,520	946,537
Intangible assets (NOTE 6)	25,056	23,396
Assets under finance leases	27,705	34,083
Programming (NOTE 4)	121,682	11,986
Promissory notes receivable	44,136	45,961
Investment in finance lease	48,087	50,138
Deferred charges	13,059	10,032
Investment in associate (NOTE 7)	-	1,855
	1,174,245	1,123,988
TOTAL ASSETS	1,703,229	1,708,548
LIABILITIES		
Current		
Accounts payable and accrued liabilities (NOTE 8)	67,928	106,297
Provisions (NOTE 9)	37,717	32,623
Pension plans and employee-related liabilities (NOTE 10)	138,679	140,525
Programming liability (NOTE 4)	15,151	-
Bonds payable	16,682	21,101
Obligations under finance leases	12,242	11,743
Notes payable	7,050	8,124
Deferred revenues	27,899	9,423
Deferred appropriations for operating expenditures (NOTE 12)	30,667	-
Option liability	1,875	1,875
	355,890	331,711
Long-term		
Deferred revenues	42,026	18,205
Pension plans and employee-related liabilities (NOTE 10)	141,727	198,570
Programming liability (NOTE 4)	38,149	-
Bonds payable	251,237	264,599
Obligations under finance leases	24,398	33,676
Notes payable	100,492	106,930
Deferred capital funding (NOTE 12)	516,375	518,272
	1,114,404	1,140,252
Equity		
Retained earnings	232,403	236,117
Total equity attributable to the Corporation	232,403	236,117
Non-controlling interests	532	468
TOTAL EQUITY	232,935	236,585
TOTAL LIABILITIES AND EQUITY	1,703,229	1,708,548

Contingencies (NOTE 9) and Commitments (NOTE 17)

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 December 31		Nine months ended December 31	
	2014	2013	2014	2013
REVENUE (NOTE 11)				
Advertising	77,737	122,947	269,911	301,709
Subscriber fees	33,166	33,155	100,694	99,418
Other income	29,257	31,616	95,225	93,854
Financing income	2,811	2,179	7,862	6,635
	142,971	189,897	473,692	501,616
EXPENSES				
Television, radio and new media services costs	388,904	432,037	1,178,123	1,230,406
Transmission, distribution and collection	17,985	18,611	52,007	53,700
Corporate management	2,380	2,838	7,452	8,097
Payments to private stations	597	503	1,795	1,771
Finance costs	7,721	7,678	22,995	23,245
Share of profit in associate	(1,371)	(774)	(13,712)	(1,847)
	416,216	460,893	1,248,660	1,315,372
Operating loss before Government funding and non-operating items	(273,245)	(270,996)	(774,968)	(813,756)
GOVERNMENT FUNDING (NOTE 12)				
Parliamentary appropriation for operating expenditures	239,339	202,870	561,375	665,694
Parliamentary appropriation for working capital	1,000	1,000	3,000	3,000
Amortization of deferred capital funding	24,966	26,715	76,862	82,265
	265,305	230,585	641,237	750,959
Results before non-operating items	(7,940)	(40,411)	(133,731)	(62,797)
NON-OPERATING ITEMS				
Gain on sale of shares (NOTE 7)	-	-	33,548	-
Gain (loss) on disposal of property and equipment and intangibles (NOTES 5 and 6)	1,988	(286)	7,455	(2,560)
	1,988	(286)	41,003	(2,560)
Net results for the period	(5,952)	(40,697)	(92,728)	(65,357)
Net results attributable to:				
The Corporation	(6,035)	(40,782)	(92,967)	(65,520)
Non-controlling interests	83	85	239	163
	(5,952)	(40,697)	(92,728)	(65,357)

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 December 31		Nine months ended December 31	
	2014	2013	2014	2013
COMPREHENSIVE INCOME (LOSS)				
Net results for the period	(5,952)	(40,697)	(92,728)	(65,357)
Other comprehensive income - not subsequently reclassified to net results				
Remeasurements of defined benefit plans (NOTE 10)	31,338	111,649	89,253	256,968
Total comprehensive income (loss) for the period	25,386	70,952	(3,475)	191,611
Total comprehensive income (loss) attributable to:				
The Corporation	25,303	70,867	(3,714)	191,448
Non-controlling interests	83	85	239	163
	25,386	70,952	(3,475)	191,611

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)

	Three months ended December 31, 2014		
	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at September 30, 2014	207,100	449	207,549
Changes in period			
Net results for the period	(6,035)	83	(5,952)
Remeasurements of defined benefit plans (NOTE 10)	31,338	-	31,338
Total comprehensive income for the period	25,303	83	25,386
Distributions to non-controlling interests	-	-	-
Balance as at December 31, 2014	232,403	532	232,935

	Three months ended December 31, 2013		
	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at September 30, 2013	170,973	412	171,385
Changes in period			
Net results for the period	(40,782)	85	(40,697)
Remeasurements of defined benefit plans (NOTE 10)	111,649	-	111,649
Total comprehensive income for the period	70,867	85	70,952
Distributions to non-controlling interests	-	-	-
Balance as at December 31, 2013	241,840	497	242,337

	Nine months ended December 31, 2014		
	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	(92,967)	239	(92,728)
Remeasurements of defined benefit plans (NOTE 10)	89,253	-	89,253
Total comprehensive income (loss) for the period	(3,714)	239	(3,475)
Distributions to non-controlling interests	-	(175)	(175)
Balance as at December 31, 2014	232,403	532	232,935

	Nine months ended December 31, 2013		
	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	(65,520)	163	(65,357)
Remeasurements of defined benefit plans (NOTE 10)	256,968	-	256,968
Total comprehensive income for the period	191,448	163	191,611
Distributions to non-controlling interests	-	(226)	(226)
Balance as at December 31, 2013	241,840	497	242,337

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 December 31		Nine months ended December 31	
	2014	2013	2014	2013
CASH FLOWS FROM (USED IN)				
OPERATING ACTIVITIES				
Net results for the period	(5,952)	(40,697)	(92,728)	(65,357)
Adjustments for:				
(Gain) loss on disposal of property and equipment and intangibles (NOTES 5 and 6)	(1,988)	286	(7,455)	2,560
Gain on sale of shares (NOTE 7)	-	-	(33,548)	-
Financing income	(2,811)	(2,179)	(7,862)	(6,635)
Finance costs	7,721	7,678	22,995	23,245
Change in fair value of financial instruments designated as at fair value through profit and loss	125	113	551	288
Depreciation of property and equipment	27,108	28,635	82,963	86,149
Amortization of intangible assets	1,617	1,629	4,834	4,987
Depreciation of assets under finance leases	2,034	2,130	6,260	6,254
Share of profit in associate	(1,371)	(774)	(13,712)	(1,847)
Change in deferred charges	226	(2,440)	(3,027)	(5,814)
Change in programming asset [long-term]	(18,723)	1,403	(108,524)	(6,100)
Change in programming liability [current and long-term]	(4,040)	-	52,662	-
Amortization of deferred capital funding (NOTE 12)	(24,966)	(26,715)	(76,862)	(82,265)
Change in deferred appropriations for operating expenditures	30,667	20,829	30,667	54,853
Change in deferred revenues [long-term]	(7,523)	(148)	22,691	(185)
Change in pension plans and employee-related liabilities [current]	6,644	7,956	4,652	11,293
Change in pension plans and employee-related liabilities [long-term]	8,538	12,553	32,409	44,159
Accretion of promissory notes receivable	(5)	(5)	(15)	(14)
Movements in working capital (NOTE 14)	11,463	(39,510)	93,325	(71,355)
	28,764	(29,256)	10,276	(5,784)
FINANCING ACTIVITIES				
Repayment of obligations under finance leases	(2,945)	(2,785)	(8,775)	(8,191)
Repayment of bonds	(6,319)	(5,869)	(12,409)	(11,525)
Repayment of notes	(3,140)	(2,998)	(6,209)	(5,928)
Distributions to non-controlling interests	-	(226)	(175)	(226)
Interest paid	(13,417)	(14,181)	(27,903)	(29,458)
	(25,821)	(26,059)	(55,471)	(55,328)
INVESTING ACTIVITIES				
Parliamentary appropriations for capital funding (NOTE 12)	29,000	23,999	74,965	75,152
Additions to property and equipment (NOTE 5)	(17,227)	(19,236)	(37,365)	(40,241)
Additions to intangible assets (NOTE 6)	(2,012)	(2,149)	(6,872)	(7,511)
Proceeds from disposal of property and equipment (NOTE 5)	5,712	415	9,086	1,542
Proceeds from disposal of shares (NOTE 7)	-	-	33,548	-
Collection of promissory notes receivable	575	536	1,695	1,580
Collection of finance leases receivable	610	568	1,797	1,675
Dividends received	1,371	1,875	15,567	5,223
Interest received	2,203	2,286	6,740	6,859
	20,232	8,294	99,161	44,279
Change in cash	23,175	(47,021)	53,966	(16,833)
Cash, beginning of the period	92,765	81,647	61,974	51,459
Cash, end of the period	115,940	34,626	115,940	34,626

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

Notes to the Condensed Interim Consolidated Financial Statements for the Third Quarter Ended December 31, 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 distinctly 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 February 25, 2015.

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 then ended. 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 adoption of new and revised International Financial Reporting Standards (IFRS) discussed in Note 2C and the change in presentation as described in note 2E.

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 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.

The Corporation has added the following key source of estimation uncertainty since the Corporation's last audited annual consolidated financial statements at March 31, 2014:

- ✦ The Corporation has estimated the value of non-monetary consideration provided to Rogers Communications Inc. for *Hockey Night in Canada* sublicensing over the next four years.

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 three and nine months ended December 31, 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 that have been issued.

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, although conclusions made regarding the expected impact of future changes in accounting policies could change until the standards are fully adopted:

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in associates and joint ventures

The amendments to IFRS 10 and IAS 28 (2011) were issued in September 2014. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture and are effective for annual reporting periods beginning on or after July 1, 2016, on a retrospective basis.

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

The *Annual Improvements to IFRSs 2010-2012 Cycle* and the *Annual Improvements to IFRSs 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)

Amendments to IFRS 11 *Joint Arrangements*

IFRS 11 was amended in May 2014 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This Standard will become effective for annual periods beginning on or after January 1, 2016, on a retrospective basis.

Annual Improvements to IFRSs: 2012-2014 Cycle

The *Annual Improvements to IFRSs 2012-2014 Cycle* were issued in September 2014. These improvements include a number of amendments to various IFRSs which are effective for annual reporting periods beginning on or after January 1, 2016, on a retrospective basis.

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. 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 Standard establishes a comprehensive framework for determining when revenue should be recognized and how it should be measured. The core principle is that an entity should recognize revenue when it transfers goods or services to a customer based upon the amount of consideration to which the entity expects to be entitled to from the customer. The goods or services are transferred when the customer has control of them. IFRS 15 also requires extensive new qualitative and quantitative disclosures designed to help investors understand the nature, amount, timing and uncertainty of revenue. This standard will become effective for annual periods beginning on or after January 1, 2017. When first adopting IFRS 15, the Corporation will apply the standard in full for the current period, including retrospective application to all contracts not yet complete at the beginning of that period. In respect to prior periods, the Corporation will either fully apply the standard or adopt a modified approach as permitted by the transition guidance. The Corporation is currently assessing these alternatives.

2. Significant Accounting Policies (Continued)

Amendments to IAS 1 *Disclosure Initiative*

IAS 1 was amended in December 2014 as part of the IASB's Disclosure Initiative work on the *Conceptual Framework*. These narrow-focus amendments clarify, rather than significantly change, existing IAS 1 requirements for which there has been overly prescriptive interpretations of the wording. These amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted.

E. Change in Presentation

Beginning July 1, 2014, the Corporation changed the presentation of programming assets in its Statement of Financial Position. This change was made to consolidate programming as one current asset and one non-current asset to further align with industry practice and to provide readers with improved transparency around programming assets at each reporting date. Following this change, no amounts related to programming or programming rights will be included as part of Prepaid expenses or Deferred charges. This change had the following impacts on Statement of Financial Position line items, with no impact on reported results or equity in any reporting period:

	As at March 31, 2014		
	As previously reported	Change	Revised
<i>(in thousands of Canadian dollars)</i>			
ASSETS			
Current			
Programming	135,389	76,339	211,728
Prepaid expenses	97,473	(76,339)	21,134
Long-term			
Programming	-	11,986	11,986
Deferred charges	22,018	(11,986)	10,032

3. Trade and Other Receivables

	December 31, 2014	March 31, 2014
<i>(in thousands of Canadian dollars)</i>		
Trade receivables	153,640	263,554
Allowance for doubtful accounts	(3,627)	(3,719)
Other	15,060	17,185
	165,073	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.

3. Trade and Other Receivables (Continued)

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.

Trade receivables disclosed above include amounts (see Note 3A) that are past due at the end of the reporting period for which the Corporation has not recognized an allowance for doubtful accounts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

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

The 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

<i>(in thousands of Canadian dollars)</i>	December 31, 2014	March 31, 2014
31 - 60 days	33,151	129,016
61 - 90 days	21,508	21,195
Over 90 days	23,122	16,858
Total	77,781	167,069

B. Movement in Allowance for Doubtful Accounts

<i>(in thousands of Canadian dollars)</i>	December 31, 2014	March 31, 2014
Opening balance	(3,719)	(3,627)
Amounts written off during the period as uncollectible	359	831
Impairment losses reversed	331	523
Net increase in allowance for new impairments	(598)	(1,446)
Balance, end of period	(3,627)	(3,719)

4. Programming

A. Programming by Category

<i>(in thousands of Canadian dollars)</i>	December 31, 2014	March 31, 2014 (Revised)
Programs completed	66,848	70,149
Programs in process of production	78,224	42,668
Broadcast rights available for broadcast within the next twelve months	61,457	98,911
	206,529	211,728
Broadcast rights not available for broadcast within the next twelve months	121,682	11,986
	328,211	223,714

B. Movement in Programming

<i>(in thousands of Canadian dollars)</i>	December 31, 2014	March 31, 2014 (Revised)
Opening balance	223,714	257,724
Additions	834,011	1,102,079
Programs broadcast	(729,514)	(1,136,089)
Balance, end of period	328,211	223,714

Programming includes amounts for television programs.

The programming write-offs included in the Programs broadcast line in the above table for the three and nine months ended December 31, 2014, amount to \$0.9 million (2013 – \$0.5 million) and \$2.9 million (2013 – \$2.9 million), respectively. 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.

During the second quarter, the Corporation's agreement with Rogers Communications Inc. (Rogers) commenced for the continued airing of *Hockey Night in Canada* for Saturday night and playoff hockey. Under this arrangement, the Corporation has acquired the right to broadcast hockey in exchange for providing Rogers with facilities and production services, use of certain trademarks and with airtime to generate advertising revenue. The agreement is for four years with an optional one-year extension at Rogers' discretion. As no monetary amounts are to be exchanged, an estimate was calculated of the value of four year broadcast licence acquired and has been recorded as Programming in the Corporation's condensed interim consolidated financial statements. An estimate of the corresponding costs associated with the provision of facilities and production services as well as deferred revenue was recorded in the liabilities of the Corporation's condensed interim consolidated financial statements beginning in the second quarter. The Corporation is recognizing these items in revenue and expenses over the four-year term of this agreement.

5. Property and Equipment

A. Cost and Accumulated Depreciation

The property and equipment carrying amounts are as follows:

<i>(in thousands of Canadian dollars)</i>	December 31, 2014	March 31, 2014
Cost	2,101,946	2,153,623
Accumulated depreciation	(1,207,426)	(1,207,086)
	894,520	946,537

<i>(in thousands of Canadian dollars)</i>	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	-	-	-	3,471	1,344	32,550	37,365
Transfers (refer to Note 6)	-	10,579	49	14,850	4,274	(29,511)	241
Assets classified as held for sale	(259)	(3,932)	-	(2,453)	-	-	(6,644)
Disposals and write-offs	(109)	(1,857)	-	(73,152)	(7,464)	(57)	(82,639)
Cost as at December 31, 2014	174,341	552,054	52,923	1,151,742	140,734	30,152	2,101,946
Accumulated depreciation as at March 31, 2014	-	(179,369)	(25,836)	(895,476)	(106,405)	-	(1,207,086)
Depreciation for the period	-	(26,427)	(2,311)	(45,355)	(8,870)	-	(82,963)
Reclassification of depreciation on assets classified as held for sale	-	3,930	-	2,453	-	-	6,383
Reclassification of depreciation on disposals and write-offs	-	1,267	-	67,826	7,147	-	76,240
Accumulated depreciation as at December 31, 2014	-	(200,599)	(28,147)	(870,552)	(108,128)	-	(1,207,426)
Net carrying amount as at December 31, 2014	174,341	351,455	24,776	281,190	32,606	30,152	894,520

5. Property and Equipment (Continued)

<i>(in thousands of Canadian dollars)</i>	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 6)	-	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	313,550	36,175	27,170	946,537

The contractual commitments for the acquisition of property and equipment are \$24.6 million as at December 31, 2014 (March 31, 2014 – \$15.3 million).

B. Impairment and Other Charges

No impairment loss was recorded during the three and nine month periods ended December 31, 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 December 31, 2014, that have a total carrying value of \$1.5 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.

5. Property and Equipment (Continued)

The Corporation has also classified as held for sale 22 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 \$0.4 million as at December 31, 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. Disposals

In October 2014, the Corporation sold a property located in Yellowknife, Northwest Territories that was previously held for sale. The proceeds and gain on the sale of this property was \$1.7 million.

During the second quarter 2014, the Corporation sold two properties located in Windsor, Ontario that were previously held for sale. The proceeds on the sales of these properties were \$2.1 million and resulted in gains of \$0.6 million.

Also during the second quarter, the Corporation recorded a gain of \$9.3 million for insurance proceeds related to a mobile production vehicle that was damaged beyond repair in May 2014. A loss of \$2.4 million related to this mobile unit was recorded during the first quarter of this fiscal year.

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 were \$3.8 million and resulted in a gain of \$0.4 million, which was recognized during the first quarter.

The recorded gains have been partly offset by losses from the disposal or replacement of equipment as part of the Corporation's normal asset refresh cycle.

6. Intangible Assets

The intangible assets carrying amounts are as follows:

<i>(in thousands of Canadian dollars)</i>	December 31, 2014	March 31, 2014
Cost	175,124	169,728
Accumulated amortization	(150,068)	(146,332)
	25,056	23,396

<i>(in thousands of Canadian dollars)</i>	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost as at March 31, 2014	140,893	23,887	4,948	169,728
Additions	-	73	6,799	6,872
Transfers (refer to Note 5)	767	964	(1,972)	(241)
Disposals and write-offs	(1,235)	-	-	(1,235)
Cost as at December 31, 2014	140,425	24,924	9,775	175,124
Accumulated amortization as at March 31, 2014	(136,720)	(9,612)	-	(146,332)
Amortization for the period	(1,405)	(3,429)	-	(4,834)
Reclassification of amortization on disposals and write-offs	1,098	-	-	1,098
Accumulated amortization as at December 31, 2014	(137,027)	(13,041)	-	(150,068)
Net carrying amount as at December 31, 2014	3,398	11,883	9,775	25,056

<i>(in thousands of Canadian dollars)</i>	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 5)	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 amortization 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

7. Investment in Associate

A. Description of Investment

As at December 31, 2014, the Corporation held 13,056,787 Class A Subordinate Voting Shares in Sirius XM Canada Holdings Inc. (SiriusXM), which represented a 10.20% equity interest and a 9.68% voting interest. These shares were obtained following the conversion on March 21, 2014, of the 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 10.20% 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.

On July 28, 2014, the Corporation sold 4,800,000 of its Class A shares in SiriusXM for net proceeds of \$33.5 million.

SiriusXM has a policy to pay dividends on a quarterly basis, as well as to issue special dividends at their discretion. For the three and nine month periods ended December 31, 2014, the Corporation received quarterly and special dividends from SiriusXM totalling \$1.4 million (2013 – \$1.9 million) and \$15.6 million (2013 – \$5.2 million), respectively.

B. Accounting Considerations

SiriusXM's fiscal year end is August 31, which differs from that of the Corporation. IAS 28, *Investments in Associates and Joint Ventures*, 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 November 30, 2014, which falls within the allowed three month window. This corresponds to the latest information available for SiriusXM 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 December 31, 2014 (2013 – nil).

The fair value of the Corporation's investment in SiriusXM at December 31, 2014, was \$79.1 million (March 31, 2014 – \$154.5 million). The fair value was determined using the closing market price of SiriusXM Class A shares (TSX: XSR) at December 31, 2014, and as such, the fair value measurement is considered a Level 1 measurement in the fair value hierarchy.

The following is a summary of the Corporation's investment in SiriusXM:

(in thousands of Canadian dollars)

	Ownership interest as at:		Carrying value as at:	
	December 31, 2014	March 31, 2014	December 31, 2014	March 31, 2014
SiriusXM - Class A shares	10%	14%	-	1,855

7. Investment in Associate (Continued)

A reconciliation of the carrying amount of the Corporation's investment in SiriusXM, as recorded on the Condensed Interim Consolidated Statement of Financial Position, is as follows:

<i>(in thousands of Canadian dollars)</i>	December 31, 2014	March 31, 2014
Opening balance	1,855	3,473
Share of profit in associate	13,712	4,440
Dividends received	(15,567)	(7,098)
Dilution gain	-	1,040
Balance, end of period	-	1,855

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

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

8. Accounts Payable and Accrued Liabilities

<i>(in thousands of Canadian dollars)</i>	December 31, 2014	March 31, 2014
Trade payables	20,467	38,806
Accruals	45,836	64,318
Other	1,625	3,173
	67,928	106,297

9. Provisions

<i>(in thousands of Canadian dollars)</i>	Claims and legal proceedings	<u>Restructuring costs</u>			Total
	Environmental	Workforce reduction	Decommissioning		
Opening balance as at April 1, 2014	31,130	588	-	906	32,623
Additional provisions recognized	8,189	-	13,206	-	21,395
Provisions utilized	(962)	(226)	(3,098)	(339)	(4,625)
Reductions resulting from remeasurement or settlement without cost	(6,146)	-	(5,530)	-	(11,676)
Balance, end of period	32,211	362	4,578	566	37,717

9. Provisions (Continued)

A. Restructuring costs

On October 30, 2014, the Corporation announced restructuring initiatives to eliminate the equivalent of approximately 400 full-time positions. This initiative is part of the Corporation's strategic plan announced in June 2014, *A space for us all*, which requires a workforce reduction of up to 1,500 employees by 2020.

Most of the employees affected by this initiative to reduce 400 positions were notified before the end of November, with the remainder of notifications occurring in early 2015. Restructuring costs in connection with these workforce reductions comprise severance, benefits continuation and outplacement services.

Restructuring costs were also incurred during the first quarter of the year following the Corporation's announcement in April 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. These positions are not part of the 1,500 planned reductions discussed above.

During the current quarter, the Corporation recognized an additional \$3.2 million in restructuring provisions where reductions were demonstrably committed and estimable. All amounts related to restructuring provisions are expected to be paid out within the next 12 months.

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 \$0.6 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.

During the quarter, the Corporation was served with a statement of claim for \$55 million from a former employee alleging breach of confidence, bad faith and defamation in connection with CBC's termination of the employment relationship. In addition, a grievance was filed by the employee's union. The statement of claim was later withdrawn, with no amounts being paid out by the Corporation.

At December 31, 2014, the Corporation had provisions amounting to \$32.2 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.

9. Provisions (Continued)

C. Environmental liabilities

At December 31, 2014, the Corporation had a provision of \$0.4 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 remaining costs associated with remediation work at this site have been estimated at \$0.4 million. A significant portion of the work was completed during the fall of 2014, although the project may require up to 6 years to complete.

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.

10. Pension Plans and Employee-Related Liabilities

Employee-related liabilities are as follows:

<i>(in thousands of Canadian dollars)</i>	Current		Long-term	
	December 31, 2014	March 31, 2014	December 31, 2014	March 31, 2014
Net defined benefit liability	-	-	4,308	61,961
Employee future benefits	-	-	137,308	136,481
Vacation pay	56,984	59,282	-	-
Workforce reduction	25,353	8,125	-	-
Salary-related liabilities	56,342	73,118	111	128
	<u>138,679</u>	<u>140,525</u>	<u>141,727</u>	<u>198,570</u>

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.

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

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.

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

Assumptions – annual rates	December 31, 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	3.75%	4.25%
Discount rate - long service gratuity	3.25%	3.50%
Discount rate - LTD benefit	3.25%	3.50%
Discount rate - life insurance	3.75%	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.

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

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%
July 1 to December 31	6.25%	6.19%
For incremental earnings in excess of the maximum public pension plan earnings ¹		
April 1 to June 30	8.14%	7.27%
July 1 to December 31	8.22%	8.14%

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)

	Three months ended December 31		Nine months ended December 31	
	2014	2013	2014	2013
Benefits paid directly to beneficiaries	2,967	3,606	8,901	10,818
Employer regular contributions to pension benefit plans	17,741	17,606	46,576	46,036
Total cash payments for defined benefit plans	20,708	21,212	55,477	56,854

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)

	December 31, 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	6,159,381	-	-	5,587,972	-	-
Defined benefit obligation	6,068,649	95,040	137,308	5,562,330	87,603	136,481
Net asset (liability) arising from defined benefit obligation	90,732	(95,040)	(137,308)	25,642	(87,603)	(136,481)

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

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

(in thousands of Canadian dollars)

	December 31, 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	74,130	3,564	109,923	5,825
Interest cost	177,963	3,441	221,228	5,289
Contributions from employees	35,360	-	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	431,926	2,723	(239,362)	(3,680)
Actuarial gains arising from experience adjustments	1,320	-	(21,093)	-
Benefits paid	(206,943)	(8,901)	(271,359)	(14,420)
Closing defined benefit obligation	6,163,689	137,308	5,649,933	136,481

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

(in thousands of Canadian dollars)

	December 31, 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)	(4,005)	-	(5,300)	-
Interest income on plan assets	175,347	-	212,490	-
Return on plan assets, excluding interest income	525,074	-	149,519	-
Contributions from employees	35,360	-	47,833	-
Contributions from the Corporation	46,576	8,901	61,305	14,420
Benefits paid	(206,943)	(8,901)	(271,359)	(14,420)
Closing fair value of plan assets	6,159,381	-	5,587,972	-

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

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

<i>(in thousands of Canadian dollars)</i>	Three months ended December 31		Nine months ended December 31	
	2014	2013	2014	2013
Current service cost	25,898	28,937	77,694	86,811
Administration fees (other than investment management fees)	1,335	1,325	4,005	3,975
Interest cost on defined benefit obligation	60,468	56,631	181,404	169,892
Interest income on plan assets	(58,449)	(53,122)	(175,347)	(159,366)
Remeasurements recognized in net results	-	-	148	(282)
Expense recognized in net results	29,252	33,771	87,904	101,030
Plus:				
Remeasurements recognized in other comprehensive income (loss)	(31,338)	(111,649)	(89,253)	(256,968)
Total amounts recognized in comprehensive income (loss)	(2,086)	(77,878)	(1,349)	(155,938)

Retained earnings include \$269.2 million of cumulative actuarial gains as at December 31, 2014 (March 31, 2014 gains – \$179.9 million).

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

<i>(in thousands of Canadian dollars)</i>	Three months ended December 31		Nine months ended December 31	
	2014	2013	2014	2013
Television, radio and new media services costs	28,083	32,282	84,388	96,989
Transmission, distribution and collection	877	1,117	2,637	3,031
Corporate management	292	372	879	1,010
Total	29,252	33,771	87,904	101,030

11. Revenue

The Corporation has recognized revenue from the following sources:

<i>(in thousands of Canadian dollars)</i>	Three months ended December 31		Nine months ended December 31	
	2014	2013	2014	2013
Advertising	77,737	122,947	269,911	301,709
Subscriber fees	33,166	33,155	100,694	99,418
Building, tower, facility and service rentals	13,485	14,798	36,548	37,031
Production revenue	4,530	4,836	17,200	12,642
Digital programming	3,914	3,087	16,616	8,298
Retransmission rights	1,409	1,428	4,622	3,368
Program sponsorship	2,191	1,398	4,580	4,372
Other services	1,031	1,389	1,736	2,679
Total Rendering of services	137,463	183,038	451,907	469,517
Total Financing income	2,811	2,179	7,862	6,635
Contribution from the Local Programming Improvement Fund (LPIF)	15	3,811	8,963	22,242
Contra revenues other than advertising	2,651	747	4,511	2,868
Gain on foreign exchange rates	152	231	986	628
Net loss from fair value of financial instruments	(121)	(109)	(537)	(274)
Total Revenue	142,971	189,897	473,692	501,616

12. Government Funding

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

<i>(in thousands of Canadian dollars)</i>	Three months ended December 31		Nine months ended December 31	
	2014	2013	2014	2013
Operating funding	270,006	223,699	592,042	720,547
Capital funding	29,000	23,999	74,965	75,152
Working capital funding	1,000	1,000	3,000	3,000
	300,006	248,698	670,007	798,699

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.

<i>(in thousands of Canadian dollars)</i>	December 31, 2014	March 31, 2014
Operating funding received during period	592,042	975,618
Less: Parliamentary appropriation for operating expenditures recognized in the Condensed Interim Consolidated Statement of Income (Loss) during period	(561,375)	(975,618)
Deferred appropriations for operating expenditures	30,667	-

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.

<i>(in thousands of Canadian dollars)</i>	December 31, 2014	March 31, 2014
Opening balance	518,272	525,696
Government funding for capital expenditures	74,965	103,856
Amortization of deferred capital funding	(76,862)	(111,280)
Balance, end of period	516,375	518,272

13. Seasonality

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

14. Movements in Working Capital

(in thousands of Canadian dollars)

	Three months ended December 31		Nine months ended December 31	
	2014	2013	2014	2013
Changes in Working Capital are comprised of:				
Trade and other receivables	5,786	(50,495)	122,303	(12,989)
Programming	20,040	(9,670)	5,199	(44,748)
Merchandising inventory	(16)	(56)	(1)	448
Prepaid expenses	(9,573)	14,408	(12,867)	15,803
Accounts payable and accrued liabilities	(16,757)	5,617	(38,381)	(17,678)
Provisions	(905)	2,592	5,094	1,875
Deferred revenues	5,005	2,245	18,476	4,620
Pension plans and employee-related liabilities	7,883	(4,151)	(6,498)	(18,686)
	11,463	(39,510)	93,325	(71,355)

15. Fair Value Measurements

The fair values of cash, trade and other receivables, the current portion of the promissory notes receivable, the current portion of the investment in finance lease, accounts payable and accrued liabilities, the current portion of the bonds payable, the current portion of the obligations under finance leases, the current portion of the notes payable and the option liability approximate their carrying value due to the current 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)

	December 31, 2014		March 31, 2014		Method	Note
	Carrying values	Fair values	Carrying values	Fair values		
Financial instruments measured at fair value on a recurring basis:						
Derivative financial asset instruments						
Forward contracts	-	-	446	446	Level 2	(a)
Stock options	130	130	235	235	Level 2	(b)
Financial instruments measured at amortized cost:						
Promissory notes receivable (long-term)	44,136	51,580	45,961	52,416	Level 2	(c)
Investment in finance lease (long-term)	48,087	56,962	50,138	57,745	Level 2	(c)
Bonds payable (long-term)	251,237	334,320	264,599	346,602	Level 2	(d)
Obligations under finance leases (long-term)	24,398	25,499	33,676	35,597	Level 2	(d)
Notes payable (long-term)	100,492	112,804	106,930	116,740	Level 2	(d)

"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 three and nine month periods ended December 31, 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.

16. 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			
	Three months ended December 31		Nine months ended December 31	
	2014	2013	2014	2013
Associate	405	765	1,827	2,059
Other related entities ¹	30	30	90	90
	<u>435</u>	<u>795</u>	<u>1,917</u>	<u>2,149</u>

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

(in thousands of Canadian dollars)

	Receipt of services			
	Three months ended December 31		Nine months ended December 31	
	2014	2013	2014	2013
Other related entities	-	383	-	383
	<u>-</u>	<u>383</u>	<u>-</u>	<u>383</u>

(in thousands of Canadian dollars)

	Pension contributions			
	Three months ended December 31		Nine months ended December 31	
	2014	2013	2014	2013
Corporate Pension Plan	17,600	17,606	46,435	46,036
	<u>17,600</u>	<u>17,606</u>	<u>46,435</u>	<u>46,036</u>

The following balances were outstanding at the end of the period and included in Trade and other receivables on the Condensed Interim Consolidated Statement of Financial Position:

(in thousands of Canadian dollars)

	Amounts owed by related parties	
	December 31, 2014	March 31, 2014
Associate	178	379
Other related entities	-	8
	<u>178</u>	<u>387</u>

There are no amounts owing to related parties as December 31, 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.

16. Related Parties (Continued)

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 7.

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 December 31, 2014, the aggregate amount of the Corporation's significant transactions with other government-related entities amounted to \$0.3 million of its rendering of services (2013 – \$0.2 million) and \$0.3 million of its purchase of goods and services (2013 – \$0.9 million). For the nine months ended December 31, 2014, the aggregate amount of the Corporation's significant transactions with other government-related entities amounted to \$0.8 million of its rendering of services (2013 – \$1.1 million) and \$1.0 million of its purchase of goods and services (2013 – \$1.9 million). There were no individually significant transactions during the three and nine month periods ended December 31, 2014 (2013 – none).

17. 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 quarter ended December 31, 2014, will result in future expenditures of approximately \$14.7 million (2013 – \$26.6 million). As at December 31, 2014, the Corporation's total commitments amounted to \$625.4 million (March 31, 2014 – \$611.8 million) and will span the next 45 years.