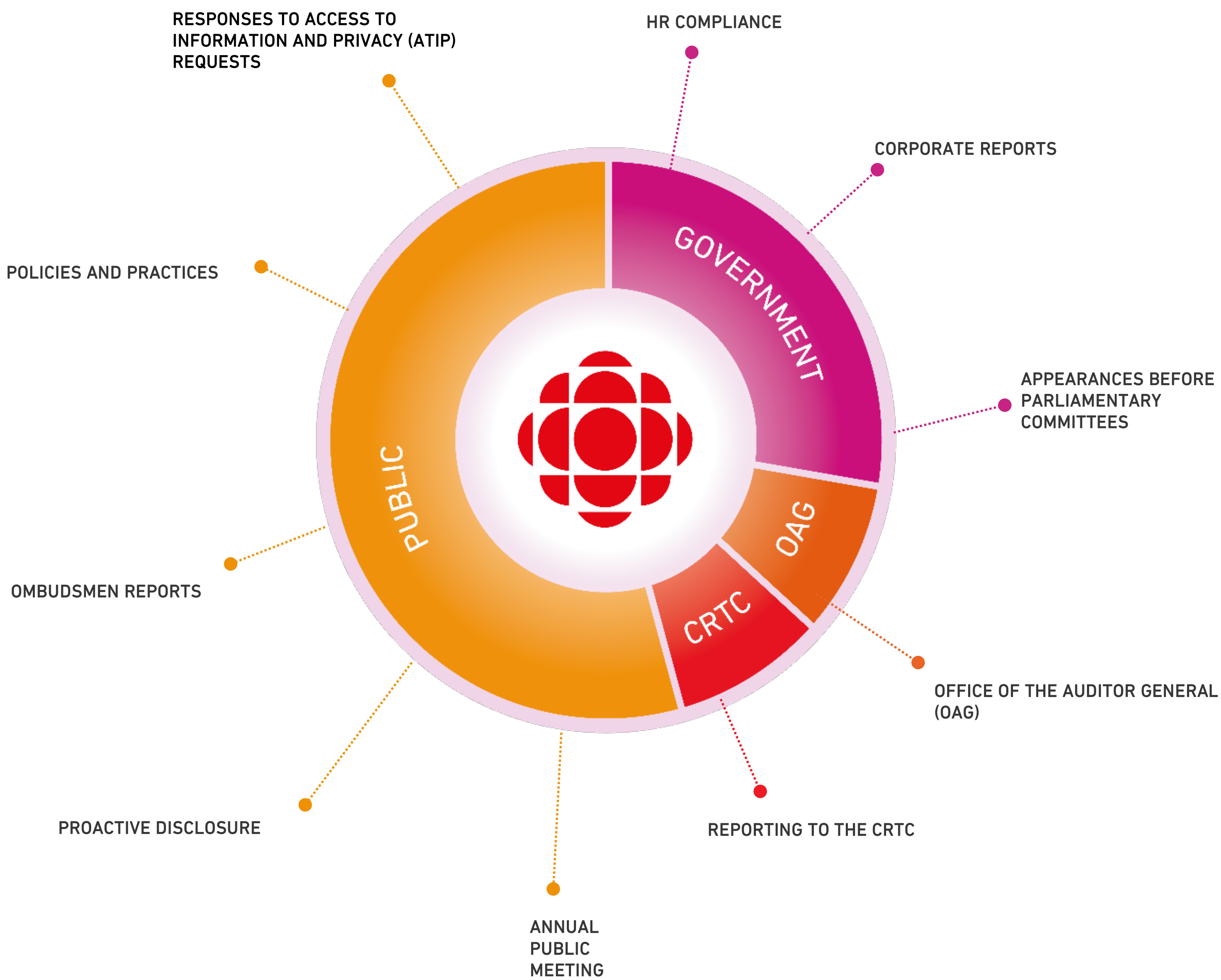
Q1

FIRST QUARTER FINANCIAL REPORT 2017-2018

CBC Radio-Canada

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.



MANAGEMENT DISCUSSION AND ANALYSIS

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. The following Management Discussion and Analysis (MD&A) aims to provide readers with an overview of our activities and performance for the first quarter of 2017-2018, and should be read in conjunction with our most recent Annual Report.
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, 2017. We have organized our MD&A in the following key sections:

To help you understand this MD&A, note the following:

Quarterly reporting - The 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.

Forward-looking statements - This report contains forward-looking statements about strategy, objectives, and expected financial and operational results. Forward-looking statements are typically identified by words such as “may,” “should,” “could,” “would,” and “will,” as well as expressions such as “believe,” “expect,” “forecast,” “anticipate,” “intend,” “plan,” “estimate” and other similar expressions. 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, and the broadcasting regulatory environment will not change significantly. Key risks and uncertainties are described in the Risk Update section of this report. However, some risks and uncertainties are by definition difficult to predict and are 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.

Performance indicators – We rely on data from both internal tools and third parties to measure our performance metrics. While these data are based on what we believe to be reasonable calculations for the applicable periods of measurement, there are inherent challenges in collecting this information, particularly as the media industry undergoes a digital transformation. For example, Canadians now consume media content on multiple devices from an ever growing array of content providers. As media consumption habits change, audience measurement suppliers and the Corporation are refining methodologies and introducing new measurement technologies to ensure the accuracy and completeness of data gathered. As a result, changes in the way data are collected could result in certain information provided in future periods not being comparable with information disclosed in prior periods. Since some of these data are used to measure our strategic and operational indicators, we may be required to make adjustments to targets and historical results to enhance comparability of the data and follow industry best practices.

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 the section Discussion of Results for further details.

FINANCIAL HIGHLIGHTS

SELF-GENERATED REVENUE	**2017-2018: $113.2M** **2016-2017: $114.6M** **TOTAL DECREASE** **▼ $1.4M (1.2%)**	The 1.2% decrease in revenue from ongoing activities primarily resulted from the combined effect of lower content sales and lower subscription revenue on our specialty platforms. These decreases were partly mitigated by growth in our advertising revenue on both our conventional television and digital platforms.
GOVERNMENT FUNDING	**2017-2018: $238.8M** **2016-2017: $223.1M** **TOTAL INCREASE** **▲ $15.7M (7.0%)**	Total government appropriations will increase by a further $75.0 million this year. This will bring the total reinvestment in the public broadcaster to $150.0 million annually, as announced by the federal government in March 2016. The 7.0% increase in government funding this quarter reflects part of this year's increase in funding.
OUR EXPENSES	**2017-2018: $395.3M** **2016-2017: $354.3M** **TOTAL INCREASE** **▲ $41.0M (11.6%)**	Ongoing expenses increased by 11.6%, in line with our plans to broadcast additional original content across our platforms. In particular, we aired more original Arts and Entertainment programming, invested in various Canada 150 initiatives, and continued building our digital capabilities.

	For the three months ended June 30		
(in thousands of Canadian dollars)	2017	2016	% change
Revenue	113,208	114,606	(1.2)
Government funding	238,767	223,126	7.0
Expenses	395,255	354,271	11.6
Results before non-operating items	(43,280)	**(16,539)**	**N/M**
Non-operating items	53,658	(1,402)	N/M
Net results under IFRS for the period	10,378	**(17,941)**	**N/M**
Results on a Current Operating Basis[1]	31,419	**(7,489)**	**N/M**

N/M = not meaningful

[1] Results on a Current Operating Basis is a non-IFRS measure. This excludes items that do not generate or require funds from operations. A reconciliation of net results to Results on a Current Operating Basis is provided in the *Discussion of Results* section of this report.

Net results under IFRS were a gain of $10.4 million this quarter, compared to a loss of $17.9 million in the same period last year. A non-operating gain from the disposal of our interest in SiriusXM, changes in the levels of government funding recognized in the current quarter, partly offset by increased programming expenses, explain these results. Proceeds from the sale of our interest in SiriusXM will be used to support our redevelopment of Maison de Radio-Canada and ongoing operations.

The gain on a **Current Operating Basis** of $31.4 million this year was an increase of $38.9 million relative to the same period last year. This quarter, the gain from the disposal of our interest in Sirius XM Canada Holdings Inc. (SiriusXM) and higher government funding resulted in increases in revenue and funding, more than offsetting our expense increases. In the first quarter of 2016-2017, expenses exceeded revenue and funding due to the later timing of our funding drawdowns.

BUSINESS HIGHLIGHTS

Both CBC and Radio-Canada offered a rich and dynamic array of multiplatform content this quarter.

CONTENT AND SERVICES

In the lead-up to July 1, we helped bring Canada 150 celebrations to Canadians. Whether it was through local community events; through multiplatform news coverage on Parliament Hill and across the country; or through the sharing of special events like the Governor General's Performing Arts Awards, CBC/Radio-Canada helped Canadians mark this special day in our country's history. The response was enthusiastic. Almost 11 million Canadians[1] tuned into our Canada 150 programming across both networks on July 1, not including those we reached by radio, via our digital platforms, and at local events in communities across the country. We are so proud to have marked this special occasion alongside so many Canadians from coast to coast to coast.

Almost 11 million Canadians tuned into our Canada 150 programming across both networks on July 1.

We are proud to be a partner in the launch of the first-ever Indigenous Screen Office.

At CBC/Radio-Canada, we are driven by our core values, one of which is inclusiveness. In keeping with this, we are proud to be partnering with eight federal agencies and media industry organizations to launch the first-ever Indigenous Screen Office. The long-term mission is to eliminate the obstacles that prevent Indigenous and Inuit creators and producers from expressing their culture. This new office will support Indigenous and Inuit screen-based content in film, television and digital media at each phase of the development process – from creation through to production and marketing. This combined effort by Radio-Canada and CBC is another in a long list of initiatives to give greater visibility to Indigenous and Inuit narratives.

Radio-Canada is focusing on the development of impact journalism. As an example, we launched *La vérif*, a new form of journalism that fact-checks specific statements circulating publicly. Reports will be aired twice weekly during newscasts, and will also be made available via Radio-Canada.ca and social media. An output of the Prochaine génération initiative, information lab RAD also debuted this quarter, offering non-traditional presentation of news and public affairs matters, exclusively via Facebook, YouTube, Instagram and Snapchat.

Radio-Canada continues to expand into new forms of digital content, including this quarter's release of *Blanc - Beauté nordique*, a 360° immersive experience showcasing Canadian artist Marc Séguin's most recent paintings. We are also making inroads into the French-language digital space with a new sport-focused web portal *Podium*, which goes far beyond standard sporting event results and statistics, instead drawing audiences into the complex and deeply personal stories behind athletes' performances. Included on the platform will be a reinvented iconic sports program *Les héros du samedi,* hosted by multiple-Olympic medal winning diver Roseline Filion. The drama series *Cheval-Serpent* was made available on ICI TOU.TV EXTRA in June, breaking viewership records with over 300,000 connections within the first 10 days of release[2].

To help celebrate and raise awareness of Canadian culture, we launched a contest to share French music with Canadians from across the country. *Chœurs d'ici, chansons d'ici*, invited choirs from coast to coast to coast to perform a popular or traditional French-Canadian song on ICI MUSIQUE. More than 80 choirs participated, and 20 were chosen to be included in a compilation album. As part of Canada's 150 anniversary celebrations, ICI RADIO-CANADA TÉLÉ broadcast *La grande traversée,* showcasing the experience of ten men and women following their ancestors' crossing from La Rochelle, France to Quebec City, experiencing similar conditions to those at the time of New France. As part of celebrating Montreal's 375th anniversary, ICI RDI broadcast the Jacques-Cartier Bridge illumination ceremony which included a live performance of Yannick Nézet-Séguin and the Orchestre Métropolitain, achieving a peak audience of 450 000 viewers[3].

CBC continues to share fresh, new stories and content across a variety of different genres and platforms. As part of our digital-first strategy, we continued to offer more original digital content to audiences. A couple of highlights worth noting included teasing the opening scenes of the much anticipated *Alias Grace*, as well as making the premiere episode from season three of *Still Standing* on Over-the-Top (OTT) before its play on conventional television. This quarter also saw the release of the 10-part original anthology series *Save Me*, the comedy fantasy series *My Kitchen Can Be Anything*, *Queer (Self) Portraits*, and a digitally remastered version of *B.C.'s deadly Ripple Rock blow up*, which originally aired in 1958.

The public broadcaster continues to find ways to be in the heart of local communities. In June, CBC launched its new, digital-first station, based out of the London, Ontario public library. Meanwhile, CBC Toronto celebrated Toronto's first-ever Pride Month by sponsoring *Pride Toronto's Queer Icon Series: An Evening With Tony Kushner* on June 12.

Heading into summer, CBC saw the season finale of the fan-favourite *Anne*, while *Baroness von Sketch Show*, *Still Standing* and *When Calls the Heart* began airing in June. In Radio, podcasts continue to be popular with fans, with new episodes of returning *Sleepover*, along with returning *Us & Them: Diversity, Division and A World of Differences*. New podcasts in the line-up include *Seat at the Table*, *On Drugs*, *Road Trip Radio*, and *2050: Degrees of Change*. It was also a great quarter for music fans, with the JUNOFest 2017, CBC Music Festival and the *Searchlight 2017* finale offered through the spring months, and topped off with the Governor General's Performing Arts Awards, co-broadcast with Radio-Canada at the end of June.

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[1] Source: Numeris TV Meter, July 1, 2017, (CBC/Radio Canada (CBC Total, CBC News Network, SRC Total, RDI, ARTV), A2+, Sat 2a-2a, Total Canada, CumRch, generated by InfoSys+TV.
[2] Source : Adobe Omniture.
[3] Source : Numeris TV Meter, A2+.

In news, our momentum continues to build with the long-anticipated announcement of our four dynamic new hosts of flagship program *The National*, shared across multiple platforms on August 1. The new *National* will be hosted by a team of four award-winning journalists on a nightly basis: senior correspondent Adrienne Arsenault, based in Toronto; political reporter and host Rosemary Barton, based in Ottawa; CBC Vancouver host Andrew Chang, based in Vancouver; and veteran host and reporter Ian Hanomansing, who will be based in Toronto.

PEOPLE

Inclusiveness is one of our four core values. This quarter, we worked on new initiatives and opportunities for employees including introducing two new Employee Resource Groups (ERG); *Women in Technology* and *Visible Women Bring Values*. In addition, CBC's LGBTQ employee resource group, *OutCBC*, held their first company-wide information sessions and recruitment drive, which resulted in an increase in membership of 242%. While continuing to focus our recruitment efforts on under-represented groups, CBC also launched a new mentorship and emerging leaders program geared to diverse employees. We continue our efforts to strengthen a culture of respect and move to a more engaged and outcome focused workplace.

Radio-Canada opened a digital journalism training centre in Regina in July, increasing the capacity to help local stations from across the country enrich their workforce with top quality, digitally trained journalists. The centre will also help Radio-Canada deepen its footprint into francophone minority communities.

Discussions continue between the Corporation and Syndicat des communications de Radio-Canada (SCRC) representatives to reach what will be the first collective agreement since the restructuring of the French Services unions. A number of joint working sessions with the Canadian Media Guild were held to deal with specific issues and a larger session is planned for the fall. A number of training sessions were held for managers on the new Association of Professionals and Supervisors (APS) collective agreement. The joint Working Group on Workplace Culture provides a forum for all unions and management to focus on improving the workplace for all employees.

TECHNOLOGY AND INFRASTRUCTURE

We continue focusing on workspaces and technology infrastructure that reflects the needs of a modern public broadcaster.

Last May, we began work on a remote control room model that will make use of new HD TV control rooms in Vancouver, Toronto and Ottawa to deliver some local TV news shows across the country. This allows us to bring HD to the regions without incurring the capital costs associated with the infrastructure upgrades, all without changing the particular local flavour of the shows audiences expect. On May 23, CBC Edmonton transitioned to this new model with great success. Over the course of the next six months Calgary, Charlottetown and Regina will also be moving to this model.

CBC/Radio-Canada and its partners officially signed agreements on July 27, 2017 for the two main components of the Maison de Radio-Canada (MRC) redevelopment project: the construction of the new broadcast centre by Broccolini group in Montreal; and the sale of the existing building and lot to Groupe Mach, enabling the revitalization of the site in Montreal's Centre-Sud neighbourhood.

OTHER BUSINESS MATTERS

Globally, CBC/Radio-Canada is recognized as an industry leader in archival preservation. In May, we began preparing a sizeable portion of our archives for digitisation, in a project that underscores our commitment to preserving our cultural heritage. This investment in the mass digitisation of our audio and video media will protect and preserve our archives, make them easier for our production teams to access and for Canadians to rediscover.

Over the course of this five-year project, CBC will digitise 720,000 physical media assets – or carriers – from Toronto and from the regions, which contain more than 1.1 million hours of audio and video content. Radio-Canada will digitise more than 650,000 carriers.

Partnerships remain a key priority this fiscal year. As such, we launched Panora.tv, a joint CBC and Radio-Canada initiative which aims to bring our television content to international markets.

The Honourable Mélanie Joly, Minister of Canadian Heritage, announced on June 20, 2017, the creation of an advisory committee for appointments to the CBC/Radio-Canada Board of Directors. The selection processes for the positions of chair, president and CEO, and directors are posted on the Governor in Council's website. Those interested can apply online until September 5, 2017. The independent advisory committee will lead the selection process and will present its recommendations for qualified candidates to the Minister as well as supplementary qualified candidates to create a pool to fill posts in the future. Under the *Broadcasting Act*, CBC/Radio-Canada's Board of Directors is composed of 12 directors, including a chair and a president and CEO, appointed by the Governor in Council for a maximum period of five years.

PERFORMANCE UPDATE

The tools that measure and assess CBC/Radio-Canada's performance are an important part of *Strategy 2020*. We do this in two ways: by measuring the perceptions of Canadians and by tracking our success against specific measurable targets. The performance measurement framework covers three areas: Mandate and Vision (perception survey indicators), *Strategy 2020* (strategic indicators), and Media Lines (operational indicators).

We have also developed performance indicators specific to monitoring and reporting on the government's reinvestment in CBC/Radio-Canada. These measure the incremental impact of new funding on two key priorities: expanding our digital presence and increasing services to local markets. We report on these incremental measures in our Annual Report and Corporate Plan Summary. We also report on the Canadian programming we have been able to create because of this additional funding. All of these measurements are in addition to the specific performance targets set each year for our English and French services.

OUR PERFORMANCE - MANDATE AND VISION

As Canada's national public broadcaster, the establishment of metrics to track and assess the perception of our performance is essential to demonstrate our accountability to Canadians. The Mandate and Vision perception survey allows us to monitor how well Canadians believe our services fulfill the Corporation's mandate under the 1991 *Broadcasting Act*, as well as measure the performance of our programming with respect to quality, distinctiveness, and our ability to reflect and draw Canadians together. The report also includes vision indicators, which present the Corporation's role in fulfilling the vision of *Strategy 2020*. The data are collected via surveys conducted among representative samples of Anglophone and Francophone Canadians.[4]

The 2017-2018 survey results will be available in January, at which point they will be published in the third quarterly financial report (Q3). For those interested in looking at the last survey results, they have been published in an interactive dashboard on our corporate website.

Sook-Yin Lee, host of CBC podcast *Sleepover*

[4] Source: Mission Metrics Survey, TNS Canada (1,000 Anglophones and 1,000 Francophones per survey). Surveys are conducted in fall and spring each year.

OUR PERFORMANCE - *STRATEGY 2020*

The *Strategy 2020* Performance Report is used to ensure we are meeting the corporate-wide objectives of our current strategic plan. We established long-term targets we aim to meet by 2020. Each year, we track our progress towards them with short-term annual targets. Eight key indicators are used to measure the building blocks of our current strategy: audience, infrastructure, people and financial sustainability.

The goal of our strategy is to increase our value to all Canadians and to deepen our relationship with them. With this in mind, four of the eight indicators measure our audience success. By 2020, we want:

- Three out of four (75%) Canadians to consider one or more of our services to be very personally important to them (indicator 1);
- Canadians to continue to strongly agree that CBC/Radio-Canada's information programming reflects a diversity of opinions and covers issues in a fair and balanced way (indicator 2); and
- To increase our digital reach so that 18 million Canadians will use our digital platforms each month and to grow the number of digital interactions they have with our services (indicators 3 and 4).

To support our audience goals, we will need to transform our infrastructure, including reducing our real estate footprint by 50% (indicator 5). We will also need our employees to be more engaged (indicator 6) and to better reflect the diverse society we serve (indicator 7). We are aiming to achieve these objectives while becoming more financially sustainable through cost reductions (indicator 8).

The *Strategy 2020* indicators are presented below. Our first quarterly report contains a partial list of Key Performance Indicators (KPIs), as several – indicators 1, 2 and 6 – are not yet available. They are not measured until the fall and will consequently not be presented until our third quarterly report.

INDICATORS	RESULTS 2016-2017	TARGETS 2017-2018	RESULTS APR 1 TO JUN 30, 2017	2020 TARGETS
Audience/Market				
1. Personal importance to Canadians (% very important)[5]	54.5%	58.0%	**N/A**	75.0%
2. Information programming has diverse opinions and is objective (% who strongly agree)[5]	53.2%	57.0%	**N/A**	57.0%
3. Digital reach of CBC/Radio-Canada (million)[6]	16.9	18.8	**17.9**	18.0
4. Monthly digital interactions with CBC/Radio-Canada (million)[7]	140.4	159.5	**159.2**	95.0
Infrastructure				
5. Reduce real estate footprint (million of rentable square feet)[8]	3.9	3.8	**3.9**	2.0
People				
6. Employee engagement (% proud to be associated)[9]	82.0%	84.0%	**N/A**	90.0%
7. Employee diversity (% of new employees)[10]	23.0%	23.2%	**17.0%**	23.2%
Financial				
8. Achieve cost reduction target ($ million)	$87.5	$93.1	**$93.1**	$117.0

N/A = not applicable or not available

Our performance metrics are evolving as the media industry continues to undergo a digital transformation. Canadians consume media content on multiple devices (e.g. smartphones, tablets, smart TVs) from an ever growing array of content providers. As media consumption habits change, audience measurement suppliers and the Corporation are refining methodologies and introducing new measurement technologies to ensure the accuracy and completeness of data gathered. Since some of these data are used to measure our strategic and operational performance, we may be required to make adjustments to targets and historical results to enhance comparability of the data.

Our *Strategy 2020* indicators are currently tracking to meet their annual targets. Here are the highlights:

Audience/Market – This quarter, monthly digital interactions (indicator 4) is trending positively to meet its annual target. Digital reach (indicator 3) is currently tracking below target but is expected to improve in the upcoming months especially with the launch of our regular programming schedules.

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[5] Source: Mission Metrics Survey, TNS Canada. This is the percentage of Canadians who give us top marks (i.e. 8, 9 or 10 on a 10-point scale). Information programming (Indicator 2) is the average of two questions: CBC/Radio- Canada's information programming "reflects a diversity of opinions on a wide range of issues" and "covers major issues in a fair and balanced way".
[6] Source: Unduplicated reach of CBC and Radio-Canada digital platforms. comScore, multiplatform measurement, monthly average unique visitors.
[7] Source: comScore, multiplatform measurement, monthly average visits.
[8] Our rentable square feet (RSF) results exclude: foreign offices (e.g. bureaus), transmission sites, parking lots and leases for the sole purpose of storage (i.e. no broadcasting activity).
[9] Source: Gallup Consulting, Dialogue 2016 Survey. This is the percentage of employees who are proud to be associated with CBC/Radio-Canada. This is measured as the percentage of employees who responded four to five on a scale of one to five in a representative survey of employees.
[10] This metric is made up of three groups: Indigenous and Inuit peoples, persons with disabilities and visible minorities. It is calculated as a percentage of new external hires for positions of 13 weeks or more.

Infrastructure – CBC/Radio-Canada's real estate footprint (indicator 5) was 3.9 million rentable square feet and is expected to meet its target (3.8 million) with the sale of our Halifax building by the end of the fiscal year. A sizeable reduction in our real estate footprint is expected following the move from the current Maison de Radio-Canada into a new leased facility, currently scheduled for fiscal year 2019-2020.

People – While our employee diversity result (indicator 7) in the first quarter of 2017-2018 is tracking below our target, we achieved our highest first quarter result since we started tracking this indicator. We will continue to work on our Diversity and Inclusion priorities as our unwavering goal remains to attract a broader pool of external candidates, improve retention and advancement of diverse employees, to include a wide range of faces, voices, experiences and perspectives in our workplace.

Financial – At the end of this quarter, cost reductions (indicator 8) are tracking on target to reduce costs as planned for 2017-2018.

Baroness von Sketch Show, with Jennifer Whalen, Aurora Browne, Meredith MacNeill and Carolyn Taylor

OUR PERFORMANCE - MEDIA LINES

We use Media Lines reporting to measure performance against our operational targets, which mostly focus on audience reach and share through our various platforms and self-generated revenue across all our services.

Our first quarterly report contains a partial list of Key Performance Indicators (KPIs) because many of the principal targets are measured starting in September each year. 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.

While the Corporation continues to monitor the performance of its specialty television channels, we have not reported our subscribers' results for competitive reasons.

FRENCH SERVICES 2017-2018 RESULTS

INDICATORS	MEASUREMENTS	RESULTS 2016-2017	RESULTS APR 1 TO JUN 30, 2016	RESULTS APR 1 TO JUN 30, 2017	TARGETS 2017-2018
Television					
ICI RDI, ICI ARTV, ICI EXPLORA	*All-day audience share*[11]	4.8%	5.3%	**4.9%**	4.6%
Regional					
ICI Radio-Canada.ca regional offering	*Monthly average unique visitors*[12]	1.4 M	N/A	**2.0 M**	1.5 M
Digital					
Radio-Canada digital offering	*Monthly average unique visitors*[13]	3.8 M	3.5 M	**3.9 M**	4.0 M
Revenue[14]					
Conventional, specialty, online		$211 M	$48 M	**$50 M**	$207 M

N/A = not applicable or not available

Our performance metrics are evolving as the media industry continues to undergo a digital transformation. Canadians consume media content on multiple devices (e.g. smartphones, tablets, smart TVs) from an ever growing array of content providers. As media consumption habits change, audience measurement suppliers and the Corporation are refining methodologies and introducing new measurement technologies to ensure the accuracy and completeness of data gathered. Since some of these data are used to measure our strategic and operational performance, we may be required to make adjustments to targets and historical results to enhance comparability of the data.

Our results are currently tracking on, or above the annual targets. Here are a few highlights:

Television – Speciality channels have shown a strong performance during the first quarter, trending above target, supported in good part by ICI RDI performance's which benefited from special coverage of last spring's flooding in Québec and the start of Montreal's 375th anniversary celebrations.

Regional – The digital reach of Radio-Canada's regional digital offering has shown a very positive performance during the first quarter with a monthly average of 2.0 million unique visitors over the period. This indicator peaked at 2.2 million in May, when Canadians turned to us to obtain the latest developments on the flooding situation in many areas of Quebec.

Digital – Our global digital reach continued to grow this quarter well above last year's performance. Radio-Canada is consolidating its position as a mobile leader with 67% of digital unique monthly visitors now accessing our content via mobile.[15]

Revenue – In a challenging operating environment characterized by a shift of television advertising budgets to digital platforms and the uptrend in non-linear television consumption, Radio-Canada remains resilient. We generated higher revenue when compared to the same period last year. Results to date are tracking to meet our annual revenue target.

Olympian Roseline Filion hosts the new, exclusively digital *Les héros du samedi*.

[11] Source: Numeris, Portable People Meter (PPM), Francophones in Quebec, aged two years and older, 2h-2h, Monday to Sunday, April to June
[12] Source: comScore Media Metrix, unique visitors, desktops (aged two years and older) and mobile devices (aged 18 years and older), April to June.
[13] Source: comScore Media Metrix, unique visitors, desktops (aged two years and older) and mobile devices (aged 18 years and older), April to June. Radio-Canada digital offering: ICI.Radio-Canada.ca, ICI.Tou.tv, ICIMusique.ca, RCInet.ca, ICI.ARTV.ca and ICI.EXPLORAtv.ca.
[14] Includes advertising revenue, subscription revenue and other revenue (e.g. content distribution).
[15] Source : Comscore MediaMetrix.

ENGLISH SERVICES 2017-2018 RESULTS

INDICATORS	MEASUREMENTS	RESULTS 2016-2017	RESULTS APR 1 TO JUN 30, 2016	RESULTS APR 1 TO JUN 30, 2017	TARGETS 2017-2018
Television					
CBC News Network	*All-day audience share*[16]	1.6%	1.8%	**1.5%**	1.5%
Regional					
CBC.ca regional offering	*Monthly average unique visitors*[17]	10.6 M	N/A[17]	**10.3 M**	10.8 M
Digital					
CBC digital offering	*Monthly average unique visitors*[18]	14.8 M	14.0 M	**15.6 M**	16.3 M
Revenue[19]					
Conventional, specialty, online		$228 M	$51 M	**$49 M**	$303 M

N/A = not applicable or not available

Our performance metrics are evolving as the media industry continues to undergo a digital transformation. Canadians consume media content on multiple devices (e.g. smartphones, tablets, smart TVs) from an ever growing array of content providers. As media consumption habits change, audience measurement suppliers and the Corporation are refining methodologies and introducing new measurement technologies to ensure the accuracy and completeness of data gathered. Since some of these data are used to measure our strategic and operational performance, we may be required to make adjustments to targets and historical results to enhance comparability of the data.

Our results are currently tracking on, or close to meeting the annual targets. Below are a few highlights:

Television – CBC News Network's share continued to trend to its annual target and is holding steady to recent past performance. The network experienced a spike in 2016 due to coverage of the Fort McMurray fires.

Regional – Continuing our commitment to the local service, the number of monthly average unique visitors is consistent with levels seen in 2016-2017. Our success in digital in regions is a result of our "digital first" strategy announced in 2014.

Digital – Our digital audience's growth resulted from our continued investment in digital content and infrastructure. We are now reaching 73% of our audiences consuming digital news on their mobile devices[20].

Revenue – Although early in the year, results are tracking to meet our annual revenue target.

When Calls the Heart, with Erin Krakow and Daniel Lissing

[16] Source: Numeris, Portable People Meter (PPM), persons aged two years and older, April to March.
[17] Source: comScore Media Metrix, unique visitors, desktops (aged two years and older) and mobile devices (aged 18 years and older), April to March. Our multiplaform measure was introduced in 2016-2017. Because of limited availability of multiplatform data between April and July 2016, results for the quarter ended June 30, 2016 were not disclosed under this measure. Results for the year ended 2016-2017 reflected the monthly average unique visitors from August 2016 to March 2017.
[18] Source: comScore Media Metrix, unique visitors, desktops (aged two years and older) and mobile devices (aged 18 years and older), April to March.
[19] Includes advertising revenue, subscription revenue and other revenue (e.g. content distribution). To reflect the inclusion of Olympics in the 2017-2018 target CBC TV regular season share, revenue from PyeongChang Olympics 2018 for English and French Services is included, while the continued airing of *Hockey Night in Canada* for Saturday night and playoff hockey will continue to be excluded. In 2016-2017, the revenue from Rio Olympics 2016 is excluded.
[20] Source : Adobe Analytics.

MEASURING OUR CANADIAN CONTENT

Regulatory requirements for Canadian content on television are specified by the Canadian Radio-television and Telecommunications Commission (CRTC), which sets conditions of license for ICI RADIO-CANADA TÉLÉ and CBC Television. For the whole broadcast day, a minimum of 75% Canadian content is required. For prime time, a minimum of 80% Canadian content is required. 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 significantly exceeded the CRTC's Canadian content conditions of license, both over the whole day and in prime time.

		YEARLY CONDITIONS OF LICENSE	RESULTS SEP 1, 2015 TO AUG 31, 2016	RESULTS SEP 1, 2016 TO JUNE 30, 2017
ICI RADIO-CANADA TÉLÉ				
Broadcast day	(Mon-Sun, 6:00 a.m.-12:00 a.m.)	75%	84%	**82%**
Prime time	(Mon-Sun, 7:00 p.m.-11:00 p.m.)	80%	94%	**95%**
CBC Television				
Broadcast day	(Mon-Sun, 6:00 a.m.-12:00 a.m.)	75%	84%	**81%**
Prime time	(Mon-Sun, 7:00 p.m.-11:00 p.m.)	80%	85%	**87%**

Kevin Vidal (left) and Pat Thornton in CBC original comedy *My Kitchen Can Be Anything*

DISCUSSION OF RESULTS

RESULTS UNDER IFRS AND ON A CURRENT OPERATING BASIS

The following analysis provides a more detailed discussion of our financial performance.

	For the three months ended June 30		
(in thousands of Canadian dollars)	2017	2016	% change
Revenue	113,208	114,606	(1.2)
Government funding	238,767	223,126	7.0
Expenses	395,255	354,271	11.6
Results before non-operating items	(43,280)	(16,539)	**N/M**
Non-operating items	53,658	(1,402)	N/M
Net results under IFRS for the period	10,378	**(17,941)**	**N/M**
Items not generating or requiring funds from operations			
Pension and other employee future benefits	13,904	10,848	28.2
Depreciation, amortization and decommissioning expenses, net of amortization of deferred capital funding	5,779	5,480	5.5
Other provisions for non-cash items	1,358	(5,876)	N/M
Results on a Current Operating Basis[1]	31,419	**(7,489)**	**N/M**

N/M = not meaningful

[1] Results on a Current Operating Basis is a non-IFRS measure. An explanation of Results on a Current Operating Basis is provided below.

NET RESULTS UNDER IFRS

Net results under IFRS for the first quarter was income of $10.4 million, compared to a $17.9 million loss in the same quarter last year. Changes in net results when compared to the same period last year were due to:

- A gain of $54.5 million this quarter from the sale of our interest in Sirius XM Canada Holdings Inc. (SiriusXM), reflected in non-operating items.
- Higher government funding recognized this quarter by $15.6 million, or 7.0%. Parliamentary appropriations for operating expenditures are expected to increase by $75 million in 2017-2018 in accordance with the second year of the government's reinvestment in the public broadcaster.
- Partly offsetting these sources of income were higher operating expenses by $41.0 million (11.6%) as we continue to broadcast more original content on our platforms and invest in our digital capabilities. In addition, revenue was lower by $1.4 million (1.2%).

Included in Net Results under IFRS for the period are items that do not currently generate or require funds from operations, as explained below.

RESULTS ON A CURRENT OPERATING BASIS

The gain on a **Current Operating Basis** of $31.4 million this year shows an improvement of $38.9 million relative to the same period last year. In the first quarter of 2016-2017, expenses exceeded revenue and funding mainly due to the timing of our drawdowns. This quarter, the gain from the disposal of our interest in SiriusXM and higher government funding exceeded increases in programming expenses.

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 regularly by management to help monitor performance and balance the Corporation's budget consistent with parliamentary appropriations. We believe this measure provides useful complementary information to readers, while recognizing 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 year. Adjustments are also made for other non-cash items such as the depreciation, amortization and decommissioning of capital assets; the amortization of deferred capital funding; and non-budgetary annual leave. 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.

REVENUE

(in thousands of Canadian dollars)	For the three months ended June 30		
	2017	2016	% change
Advertising			
English Services	26,128	25,963	0.6
French Services	29,776	27,987	6.4
	55,904	53,950	3.6
Subscriber fees			
English Services	17,309	18,092	(4.3)
French Services	14,804	15,020	(1.4)
	32,113	33,112	(3.0)
Financing, investment and other income			
English Services	10,563	11,964	(11.7)
French Services	5,124	5,189	(1.3)
Corporate Services	9,504	10,391	(8.5)
	25,191	27,544	(8.5)
TOTAL	113,208	**114,606**	**(1.2)**

Our self-generated revenue from ongoing activities decreased by $1.4 million (1.2%) in the first quarter of 2017-2018 compared to the same period last year.

ADVERTISING (↑3.6%)

The $2.0 million increase in advertising revenue this quarter resulted from conventional growth, primarily on ICI Radio-Canada Télé, and higher digital revenue.

For digital sales, CBC and Radio-Canada had combined growth of nearly 12% when compared to the same period last year. This was due mainly to the growth of our digital video advertising.

SUBSCRIBER FEES (↓ 3.0%)

Our subscriber revenue decreased by $1.0 million relative to the same period last year. This decrease was driven by declines in **CBC NewsNetwork** and **ICI RDI** subscriber bases as the number of Canadians cancelling their subscriptions or forgoing cable TV altogether ("cord cutting trend") continued.

FINANCING, INVESTMENT AND OTHER INCOME (↓ 8.5%)

The $2.4 million decrease in financing, investment and other income resulted mostly from lower programming sales to third parties this quarter.

OPERATING EXPENSES

(in thousands of Canadian dollars)	For the three months ended June 30		
	2017	2016	% change
Television, radio and digital services costs			
English Services	204,030	176,901	15.3
French Services	166,191	151,694	9.6
	370,221	328,595	12.7
Other operating expenses			
Transmission, distribution and collection	16,489	16,864	(2.2)
Corporate management	2,418	2,560	(5.5)
Payments to private stations	100	213	(53.1)
Finance costs	6,027	6,820	(11.6)
Share of results in associate	-	(781)	N/M
	25,034	25,676	(2.5)
TOTAL	395,255	**354,271**	**11.6**

N/M = not meaningful

Our operating expenses from ongoing activities increased by $41.0 million (11.6%) in the first quarter of 2017-2018. The main variances are noted below.

TELEVISION, RADIO AND DIGITAL SERVICES COSTS (↑ 12.7%)

The higher **Television, radio and digital services costs** of $41.6 million mostly reflected our continued investment in original content and spend on technical costs, as further discussed below:

- **Programming**: additional costs as we broadcast more original content on both our TV and digital platforms, and in relation to Canada 150. We also continued to reinvest in our local, radio and news services.
- **Technical costs**: higher spend on enhancing our digital capabilities.

OTHER OPERATING EXPENSES (↓ 2.5%)

Other operating expenses decreased by $0.6 million, mostly as a result of lower **finance costs** by $0.8 million (11.6%) consistent with our expectations, and a decrease in our **transmission, distribution and collection** expenses.

These decreases were partially offset by the absence of income from our **share of results in associate** this quarter following the sale of our interest in SiriusXM. During the first quarter of last year, we had received a dividend of $1.4 million. For more details about our former investment in associate, see Note 8 of our Consolidated Financial Statements.

GOVERNMENT FUNDING

(in thousands of Canadian dollars)	For the three months ended June 30		
	2017	2016	% change
Parliamentary appropriations for operating expenditures	214,883	199,000	8.0
Parliamentary appropriations for working capital	1,000	1,000	-
Amortization of deferred capital funding	22,884	23,126	(1.0)
TOTAL	**238,767**	**223,126**	**7.0**

Parliamentary appropriations for operating expenditures are recognized based on our working capital requirements, according to forecast revenue and expenditures for the period. Parliamentary appropriations for operating expenditures increased by $15.9 million (8.0%) in the first quarter of 2017-2018. The appropriation recognized in the current quarter is consistent with the seasonality of the business and historical patterns. Parliamentary appropriations for operating expenditures are expected to increase by $75.0 million in 2017-2018 consistent with the second year of the government's reinvestment in CBC/Radio-Canada, as announced in March 2016. Salary inflation funding is not yet confirmed for 2016-2017 or 2017-2018.

Capital funding is recorded as **deferred capital funding**. It is amortized and recognized as revenue over the same periods as the related property, equipment and intangible assets are used in CBC/Radio-Canada's operations. The decrease of $0.2 million (1.0%) this quarter, reflects the lower value of our asset base as we reduce our real estate footprint and simplify our infrastructure.

NON-OPERATING ITEMS

(in thousands of Canadian dollars)	For the three months ended June 30		
	2017	2016	% change
Gain on sale of shares	54,462	-	N/M
Loss on disposal of property and equipment and intangibles	(804)	(1,402)	42.7
TOTAL	**53,658**	**(1,402)**	**N/M**

N/M = not meaningful

The non-operating gain this quarter was due to the sale of our interest in SiriusXM following its privatization in May. The Corporation sold its remaining investment in SiriusXM at $4.50 a share, resulting in net proceeds of $57.6 million and a gain of $54.5 million this quarter. A loss on the disposal of other assets of $0.8 million was also recognized in non-operating items this quarter due to the retirement of assets in the regular course of our operations.

In the same period last year, our non-operating loss was $1.4 million. This included asset retirements in addition to impairment losses on assets held for sale following a revaluation of their estimated fair value.

TOTAL COMPREHENSIVE INCOME (LOSS)

(in thousands of Canadian dollars)	For the three months ended June 30		
	2017	2016	% change
Net results for the period	10,378	**(17,941)**	**N/M**
Other comprehensive income (loss)			
Remeasurements of defined benefit plans	(394,289)	(53,470)	N/M
Total comprehensive income (loss) for the period	(383,911)	**(71,411)**	**N/M**

N/M = not meaningful

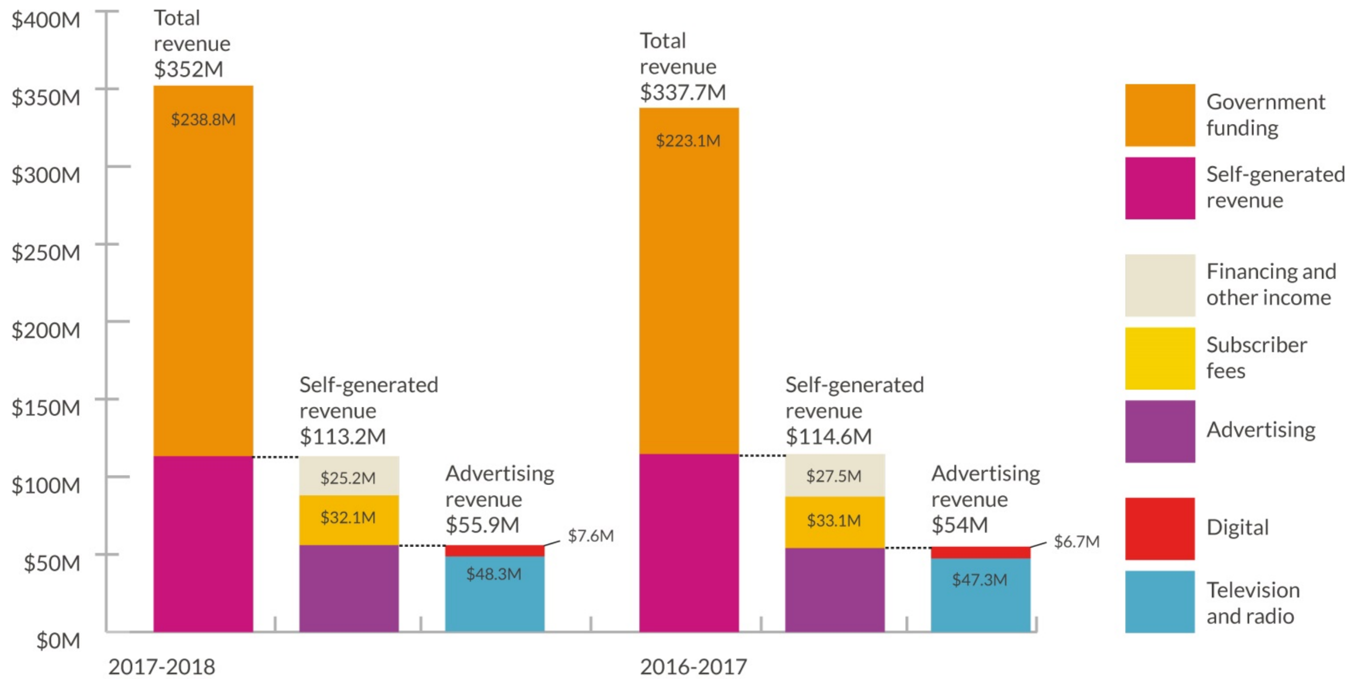
A total comprehensive loss was recognized this quarter of $383.9 million, compared to a loss of $71.4 million in the first quarter of 2016-2017. In addition to net results, total comprehensive income includes remeasurements of pension plan values. These remeasurements are driven by significant non-cash fluctuations in our pension plan's obligations and assets that occur when actual results or interest rates differ from our actuarial assumptions. We recognize these movements immediately in other comprehensive income each reporting period.

A loss of $394.3 million was recognized this quarter on remeasurements of defined benefit plans as a result of a 50 basis-point decrease in the discount rate applied to long-term liabilities. This loss was partly offset by a higher return on plan assets than estimated in our actuarial assumptions.

CAPITAL RESOURCES, FINANCIAL CONDITION AND LIQUIDITY

REVENUE AND OTHER SOURCES OF FUNDS

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



GOVERNMENT FUNDING (68% OF SOURCES IN Q1 OF 2017-2018): Government funding of $238.8 million was recognized during the quarter, including $22.9 million of amortization of deferred capital funding. In March 2016, the federal government announced an important reinvestment in CBC/Radio-Canada: an additional $75 million in 2016-2017 and $150 million per year thereafter on an ongoing basis. Salary inflation funding is not yet confirmed for 2016-2017 and 2017-2018.

ADVERTISING REVENUE (16% OF SOURCES IN Q1 OF 2017-2018): This includes both ongoing and events-driven sales of advertising on our conventional television channels, specialty television channels and other platforms. Advertising revenue driven by events can have a material impact on the Corporation's self-generated revenue from quarter to quarter. There were no events of significance in the first quarter this year or last year.

Ongoing advertising revenue is decreasing as a proportion of our self-generated revenue over time and sources of funds mainly due to the increase in government funding and as a result of the market shift away from conventional advertising platforms. Despite being a rising source of self-generated revenue, digital advertising growth is not significant enough to offset the decline observed in TV advertising.

SUBSCRIBER FEES (9% OF SOURCES IN Q1 OF 2017-2018): 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. Subscriber fees are experiencing downward pressure from the continuing cord-cutting trend and the effects of recent regulatory changes enacted by the CRTC (affordable basic TV package, small TV packages and pick-and-pay TV channels).

FINANCING AND OTHER INCOME (7% OF SOURCES IN Q1 OF 2017-2018): Includes both ongoing and events-driven income from activities such as the rental of real estate assets, content sales, leasing of space at our transmission sites, host broadcasting and contributions from the Canada Media Fund.

BORROWING PLAN

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. 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.

FINANCIAL CONDITION, CASH FLOWS AND LIQUIDITY

We rely on parliamentary appropriations and the cash generated from our commercial operations to fund our operating activities, including our capital needs in an environment highly dependent on technology. Specifically, our main sources of liquidity are parliamentary appropriations for operating, capital and working capital requirements, and self-generated revenue such as the sale of advertising on our various platforms.

Our cash balance on June 30, 2017 was $96.0 million, compared to $131.1 million on March 31, 2017. Our cash flows from operating, investing and financing activities for the first quarter ended June 30, 2017 are summarized below.

CASH POSITION

	For the three months ended June 30		
(in thousands of Canadian dollars)	2017	2016	% change
Cash - beginning of the period	**131,062**	**156,465**	**(16.2)**
Changes in the period			
Cash used in operating activities	(5,033)	(57,023)	91.2
Cash used in financing activities	(25,434)	(25,434)	-
Cash (used in) from investing activities	(4,639)	9,940	N/M
Net change	**(35,106)**	**(72,517)**	**51.6**
Cash - end of the period	**95,956**	**83,948**	**14.3**

N/M = not meaningful

CASH USED IN OPERATING ACTIVITIES

Cash from (used) in operating activities includes cash inflows from our drawdowns of parliamentary appropriations for operating expenditures and working capital.

Cash used in operating activities was $5.0 million this year, a decrease in cash used by $52.0 million (91.2%) compared to the same period last year. Cash used in operations is impacted each year by fluctuations in working capital. This quarter, we drew down more parliamentary appropriations than last year, resulting in additional cash inflows for operating activities. These additional inflows exceeded the higher outflows this quarter, resulting in a lower net use of cash for operating activties.

CASH USED IN FINANCING ACTIVITIES

Cash outflows for financing activities were stable at $25.4 million. This quarter, cash outflows for financing activities presented above relate primarily to the following:

- Interest payments of $11.3 million;
- Repayments of the Broadcast Centre Trust bonds of $7.6 million;
- Payments of notes payable of $3.5 million; and
- Payments to meet obligations under finance leases of $3.0 million.

CASH FROM INVESTING ACTIVITIES

Cash from investing activities includes cash from our drawdowns of parliamentary appropriations for capital expenditures.

Cash used in investing activities was $4.6 million this year, compared to cash inflows of $9.9 million in Q1 2016-2017. Cash outflows this quarter were mainly due to the acquisition of marketable securities in excess of the proceeds received from the sale of our interest in SiriusXM. Cash inflows from investing activities of $9.9 million last year were mainly due to a higher drawdown of capital funding relative to capital acquisitions that quarter.

RISK UPDATE

As Canada's national public broadcaster, CBC/Radio-Canada occupies an important place in the Canadian broadcasting system and faces a unique set of risks to its plans and operations. Like all broadcasters, the Corporation must adapt to technological changes, shifts in demographics and evolving consumer demands, as well as structural changes in the industry. Given our statutory mandate to serve all Canadians, CBC/Radio-Canada also faces unique public expectations and financial challenges.

It is CBC/Radio-Canada policy to develop, implement and practise effective risk management to ensure risks and opportunities that impact the Corporation's strategies, objectives and operations are identified, assessed and managed appropriately.

There have been no significant changes to our risk profile since year end. Refer to our 2016-2017 Annual Report for a more detailed assessment of the risks, potential impacts and risk mitigation strategies.

Cheval-serpent star, Élise Guilbault

FINANCIAL REPORTING DISCLOSURE

Our first quarter Condensed Interim Consolidated Financial Statements (“Interim Financial Statements”) were prepared in accordance with IFRS, as issued by the IASB, under IAS 34 – Interim Financial Reporting and adopted by the Accounting Standards Board (AcSB). They were approved by the Corporation’s Board of Directors on August 24, 2017. These Interim Financial Statements were prepared using the same basis of presentation and accounting policies as outlined under Note 2 of the Corporation’s Consolidated Financial Statements for the year ended March 31, 2017. Our Interim Financial Statements for the quarter ended June 30, 2017 do not include all of the notes required in the annual Consolidated Financial Statements.

Discussion and analysis of our financial condition and results of operations are based upon our Interim Financial Statements.

FUTURE ACCOUNTING STANDARDS

Refer to Note 3 of the Interim Financial Statements for information pertaining to accounting pronouncements that will be effective in future periods and were effective in 2017-2018.

KEY ACCOUNTING ESTIMATES AND CRITICAL JUDGMENTS

The preparation of these Interim Financial Statements requires management to make estimates and judgments about the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors.

There have been no material changes to our critical accounting estimates in the first three months of 2017-2018. Our key significant accounting estimates and critical judgments are disclosed throughout the notes of our annual Consolidated Financial Statements.

TRANSACTIONS WITH RELATED PARTIES

INVESTMENTS IN ASSOCIATE

Refer to Note 8 to the Interim Financial Statements for information pertaining to the sale of our remaining interest in SiriusXM in May 2017.

TRANSACTIONS WITH DEFINED BENEFIT PLANS

We made employer contributions to defined benefit plans as discussed in Note 10. 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 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 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 consolidated quarterly financial statements.

Based on our knowledge, these unaudited 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 Consolidated Quarterly Financial Statements.

Hubert T. Lacroix,

President and Chief Executive Officer

Judith Purves,

Executive Vice-President and Chief Financial Officer

Ottawa, Canada

August 24, 2017

CONSOLIDATED FINANCIALS STATEMENTS

First Quarter Financial Report 2017-2018

TABLE OF CONTENTS – CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

In thousands of Canadian dollars, unless otherwise noted

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	NOTE	June 30, 2017	March 31, 2017
ASSETS			
Current			
Cash		95,956	131,062
Marketable securities		99,544	23,231
Trade and other receivables	*4, 14*	124,680	125,499
Programming	*5*	335,440	268,327
Merchandising inventory		5	7
Prepaid expenses		42,131	42,606
Promissory notes receivable		3,294	3,238
Investment in finance lease		3,226	3,171
Derivative financial instruments	*14*	-	200
Assets classified as held for sale	*6*	126	126
		704,402	**597,467**
Non-current			
Property and equipment	*6*	850,945	865,907
Intangible assets	*7*	31,266	30,017
Assets under finance leases		11,128	13,026
Pension plan asset	*10*	-	261,721
Programming	*5*	38,569	58,107
Promissory notes receivable		36,920	37,661
Investment in finance lease		40,421	41,248
Deferred charges		19,995	20,461
Investment in associate	*8*	-	3,117
		1,029,244	**1,331,265**
TOTAL ASSETS		1,733,646	**1,928,732**
LIABILITIES			
Current			
Accounts payable and accrued liabilities		72,074	87,947
Provisions	*9*	33,842	30,580
Pension plans and employee-related liabilities	*10*	151,143	123,397
Programming liability		15,151	15,151
Bonds payable		18,950	22,921
Obligations under finance leases		7,417	10,293
Notes payable		7,759	8,726
Deferred revenue		21,849	23,185
Deferred operating vote drawdown	*12*	54,117	-
Derivative financial instruments	*14*	340	-
		382,642	**322,200**
Non-current			
Deferred revenue		14,670	19,889
Pension plans and employee-related liabilities	*10*	412,081	264,149
Programming liability		14,371	18,820
Bonds payable		213,176	221,361
Obligations under finance leases		6,162	6,300
Notes payable		83,054	86,728
Deferred capital funding	*12*	547,350	545,234
		1,290,864	**1,162,481**
TOTAL LIABILITIES		1,673,506	**1,484,681**
EQUITY			
Retained earnings		59,549	443,472
Total equity attributable to the Corporation		59,549	**443,472**
Non-controlling interests		591	**579**
TOTAL EQUITY		60,140	**444,051**
TOTAL LIABILITIES AND EQUITY		1,733,646	**1,928,732**

Commitments (NOTE 16)

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

In thousands of Canadian dollars, unless otherwise noted

CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME (LOSS) (UNAUDITED)

	NOTE	For the three months ended June 30	
		2017	2016
REVENUE	*11*		
Advertising		55,904	53,950
Subscriber fees		32,113	33,112
Other income		22,789	25,019
Financing and investment income		2,402	2,525
		113,208	**114,606**
GOVERNMENT FUNDING	*12*		
Parliamentary appropriation for operating expenditures		214,883	199,000
Parliamentary appropriation for working capital		1,000	1,000
Amortization of deferred capital funding		22,884	23,126
		238,767	**223,126**
EXPENSES			
Television, radio and digital services costs		370,221	328,595
Transmission, distribution and collection costs		16,489	16,864
Corporate management		2,418	2,560
Payments to private stations		100	213
Finance costs		6,027	6,820
Share of results in associate	*8*	-	(781)
		395,255	**354,271**
Results before non-operating items		**(43,280)**	**(16,539)**
NON-OPERATING ITEMS			
Gain on sale of shares	*8*	54,462	-
Loss on disposal of property and equipment and intangibles	*6, 7*	(804)	(1,402)
		53,658	**(1,402)**
Net results for the period		**10,378**	**(17,941)**
Net results attributable to:			
The Corporation		10,366	(17,940)
Non-controlling interests		12	(1)
		10,378	(17,941)

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

	NOTE	For the three months ended June 30	
		2017	2016
COMPREHENSIVE INCOME (LOSS)			
Net results for the period		10,378	(17,941)
Other comprehensive income (loss) - not subsequently reclassified to net results			
Remeasurements of defined benefit plans	*10*	(394,289)	(53,470)
Total comprehensive income (loss) for the period		**(383,911)**	**(71,411)**
Total comprehensive income (loss) attributable to:			
The Corporation		(383,923)	(71,410)
Non-controlling interests		12	(1)
		(383,911)	**(71,411)**

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

In thousands of Canadian dollars, unless otherwise noted

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	NOTE	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	**Total**
Balance as at March 31, 2017		443,472	579	444,051
Changes in the period				
Net results for the period		10,366	12	10,378
Remeasurements of defined benefit plans	*10*	(394,289)	-	(394,289)
Total comprehensive income (loss) for the period		**(383,923)**	**12**	**(383,911)**
Balance as at June 30, 2017		**59,549**	**591**	**60,140**

		Retained earnings and total equity attributable to the Corporation	Non-controlling interests	**Total**
Balance as at March 31, 2016		344,628	495	345,123
Changes in the period				
Net results for the period		(17,940)	(1)	(17,941)
Remeasurements of defined benefit plans	*10*	(53,470)	-	(53,470)
Total comprehensive income (loss) for the period		**(71,410)**	**(1)**	**(71,411)**
Distributions to non-controlling interests		**-**	**1**	**1**
Balance as at June 30, 2016		**273,218**	**495**	**273,713**

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

In thousands of Canadian dollars, unless otherwise noted

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	NOTE	For the three months ended June 30	
		2017	2016
CASH FLOWS (USED IN) FROM			
OPERATING ACTIVITIES			
Net results for the period		10,378	(17,941)
Adjustments for:			
Loss on disposal of property and equipment and intangibles	6, 7	804	1,402
Gain on sale of shares	8	(54,462)	-
Financing and investment income	11	(2,402)	(2,525)
Finance costs		6,027	6,820
Change in fair value of financial instruments designated at fair value through profit and loss	14	344	19
Depreciation of property and equipment	6	25,232	25,267
Amortization of intangible assets	7	1,533	1,591
Depreciation of assets under finance leases		1,898	1,876
Share of results in associate	8	-	(781)
Change in deferred charges		466	(1,023)
Change in programming asset [non-current]	5	19,941	5,742
Change in programming liability [non-current]	5	(4,669)	(4,547)
Amortization of deferred capital funding	12	(22,884)	(23,126)
Change in deferred appropriations for operating expenditures		54,117	-
Change in deferred revenue [non-current]		(5,403)	(6,336)
Change in pension plan asset [non-current]	10	261,721	61,399
Change in pension plans and employee-related liabilities [current]	10	9,177	8,498
Change in pension plans and employee-related liabilities [non-current]	10	(246,357)	(47,257)
Accretion of promissory notes receivable		(6)	(5)
Movements in working capital	13	(60,488)	(66,096)
		(5,033)	**(57,023)**
FINANCING ACTIVITIES			
Repayment of obligations under finance leases		(3,014)	(2,799)
Repayment of bonds		(7,602)	(7,060)
Repayment of notes		(3,526)	(3,367)
Distributions to non-controlling interests		-	1
Interest paid		(11,292)	(12,209)
		(25,434)	**(25,434)**
INVESTING ACTIVITIES			
Parliamentary appropriations for capital funding	12	25,000	20,000
Additions to property and equipment	6	(10,583)	(11,994)
Additions to intangible assets	7	(4,076)	(2,916)
Acquisition of marketable securities		(76,171)	-
Net proceeds from disposal of property and equipment	6	242	96
Net proceeds from disposal of shares	8	57,580	-
Collection of promissory notes receivable		685	639
Collection of finance leases receivable		731	677
Dividends received	8	-	1,371
Interest received		1,953	2,067
		(4,639)	**9,940**
Change in cash		**(35,106)**	**(72,517)**
Cash, beginning of the period		**131,062**	**156,465**
Cash, end of the period		**95,956**	**83,948**

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, 2017 (UNAUDITED)

1. GENERAL INFORMATION

CBC/Radio-Canada (the Corporation) was first established by the 1936 *Broadcasting Act*. The Corporation, a federal Crown Corporation domiciled in Canada, is an agent of Her Majesty and all assets and liabilities are those of the Government. Its registered office is located at 181 Queen Street, Ottawa ON K1P 1K9. The Corporation is accountable to Parliament through the Minister of Canadian Heritage and in accordance with section 85(1.1) of the *Financial Administration Act*, the Corporation is exempt from certain sections from Divisions I to IV of Part X of the *Act*.

As the national public broadcaster, the Corporation provides radio, television and digital services in both official languages, delivering predominantly and distinctly Canadian programming to reflect Canada and its regions to national and regional audiences.

2. SIGNIFICANT ACCOUNTING POLICIES

A. STATEMENT OF COMPLIANCE

The Corporation has prepared these condensed interim consolidated financial statements as required by Section 131.1 of the *Financial Administration Act* which requires most parent Crown Corporations to 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 also comply with IAS 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board (IASB) and adopted by the Accounting Standards Board (AcSB).

These condensed interim consolidated financial statements have not been audited or reviewed by the Corporation's external auditor. They have been authorized for issuance by the Board of Directors on August 24, 2017.

B. BASIS OF PREPARATION

Basis of Presentation

As permitted under IAS 34, these interim consolidated financial statements are presented on a condensed basis 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, 2017. Accordingly, they should be read in conjunction with the audited annual consolidated financial statements for the year then ended.

These condensed interim consolidated financial statements have been prepared on a historical cost basis, excepted as permitted by IFRS and as otherwise indicated within these notes.

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 application of new standards, amendments and interpretations effective for the Corporation's year end beginning on April 1, 2017. The accounting policies have been applied consistently to all periods presented, unless otherwise noted.

Seasonality

Excluding government appropriations, approximately 50% of the Corporation's self-generated revenue comes from advertising revenue that tends to follow seasonal patterns, with the second quarter typically being the lowest as the summer season typically attracts fewer viewers. Advertising revenue also varies according to market and general economic conditions and the programming schedule. By contrast, subscriber-based revenue is more stable on a quarter-by-quarter basis. Operating expenses tend also to follow a seasonal pattern, as they are influenced by the programming schedule.

Key sources of Estimation Uncertainty and Critical Judgments

The preparation of these condensed interim consolidated financial statements 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 revenue 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 for the year ended March 31, 2017.

In thousands of Canadian dollars, unless otherwise noted

3. NEW AND FUTURE CHANGES IN ACCOUNTING POLICIES

A. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The following new pronouncement issued by the IASB or the IFRS Interpretations Committee was adopted by the Corporation effective April 1, 2017.

STANDARD	DESCRIPTION	IMPACT	EFFECTIVE DATE
Amendments to IAS 7 *Statement of Cash Flows*	Issued to require a reconciliation of the opening and closing financial position for each item for which cash flows have been, or would be, classified as financing activities, excluding equity items.	The Corporation is not required to provide additional disclosures in its condensed interim consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ended March 31, 2018.	April 1, 2017, applied prospectively.

B. FUTURE ACCOUNTING CHANGES

The IASB has issued the following new standards to existing standards that were not yet effective and not applied as at June 30, 2017, which could potentially impact the consolidated financial statements of the Corporation. At this time, the Corporation does not anticipate early adoption of these standards.

STANDARD	DESCRIPTION	IMPACT	EFFECTIVE DATE
IFRS 9 *Financial Instruments*	Issued to replace IAS 39 *Financial instruments: recognition and measurement* and all previous versions of IFRS 9. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment of financial assets, and new hedge accounting guidance. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.	The adoption of IFRS 9 is not expected to result in any significant change in the classification and measurement of the Corporation's financial instruments. The Corporation is currently assessing the impact the new impairment model will have on its processes and financial statements, most notably in relation to assessing impairment of trade receivables.	Effective April 1, 2018, applied retrospectively with certain practical expedients available.
IFRS 15 *Revenue from Contracts with Customers*	Issued to replace IAS 18 *Revenues* and IAS 11 *Construction contracts* and the related Interpretations when it becomes effective. IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers; except for contracts that are within the scope of the standards on leases, insurance contracts, and financial instruments. IFRS 15 also contains enhanced disclosure requirements.	The Corporation has completed its assessment of the main accounting impacts by significant revenue stream and is in the process of quantifying impacts.	Effective April 1, 2018, applied retrospectively, with certain practical expedients available.
IFRS 16 *Leases*	Supersedes IAS 17 *Leases* and related Interpretations. Eliminates the classification of leases as either operating or finance leases for a lessee for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Leases are treated in a similar way to finance leases when applying IAS 17. All leases (other than low dollar value and short-term leases) are accounted for in a similar manner to finance leases under IAS 17. This standard will result in an expected increase in assets and financial liabilities. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained.	The Corporation is commencing a review of the standard to determine the potential impacts.	Effective April 1, 2019, applied retrospectively, with certain practical expedients available.

In thousands of Canadian dollars, unless otherwise noted

4. Trade and Other Receivables

	June 30, 2017	March 31, 2017
Trade receivables	111,295	113,181
Allowance for doubtful accounts	(1,359)	(1,240)
Other	14,744	13,558
	124,680	**125,499**

Trade receivables disclosed above include amounts 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.

Trade receivables are subject to credit risk, which is further discussed in Note 14.B.

5. Programming

A. Programming by Category

	June 30, 2017	March 31, 2017
Completed programs	90,114	98,287
Programs in process of production	135,513	71,797
Broadcast rights available for broadcast within the next twelve months	109,813	98,243
	335,440	**268,327**
Broadcast rights not available for broadcast within the next twelve months	38,569	58,107
	374,009	**326,434**

B. Movement in Programming

	June 30, 2017	March 31, 2017
Opening balance	326,434	345,456
Additions	307,838	1,039,050
Programs broadcast	(260,263)	(1,058,072)
Balance, end of the period	**374,009**	**326,434**

The programming write-offs included in the Programs broadcast line in the above table for the three months ended June 30, 2017, amount to $0.4 million (2016 – $0.2 million). Programming write-offs are mainly due to terminated projects, programming not suitable for telecast or pilots not progressing into a series.

In thousands of Canadian dollars, unless otherwise noted

6. PROPERTY AND EQUIPMENT

A. COST AND ACCUMULATED DEPRECIATION

	Land	Buildings	Leasehold improvements	Technical equipment	Other	Uncompleted capital projects	Total
Cost as at March 31, 2017	174,118	557,601	65,468	1,051,515	153,758	50,395	2,052,855
Additions	-	-	-	1,421	425	8,332	10,178
Transfers (refer to Note 7)	-	2,066	701	4,997	2,395	(9,021)	1,138
Assets classified as held for sale	-	-	-	11	-	-	11
Disposals and write-offs	(24)	(2,925)	(433)	(7,263)	(1,653)	-	(12,298)
Cost as at June 30, 2017	**174,094**	**556,742**	**65,736**	**1,050,681**	**154,925**	**49,706**	2,051,884
Accumulated depreciation as at March 31, 2017	-	(260,831)	(35,503)	(780,043)	(110,571)	-	(1,186,948)
Depreciation for the period	-	(7,413)	(930)	(13,737)	(3,152)	-	(25,232)
Reclassification of depreciation on assets classified as held for sale	-	-	-	(11)	-	-	(11)
Reclassification of depreciation on disposals and write-offs	-	2,181	433	6,986	1,652	-	11,252
Accumulated depreciation as at June 30, 2017	**-**	**(266,063)**	**(36,000)**	**(786,805)**	**(112,071)**	**-**	(1,200,939)
Net carrying amount as at June 30, 2017	**174,094**	**290,679**	**29,736**	**263,876**	**42,854**	**49,706**	850,945

	Land	Buildings	Leasehold improvements	Technical equipment	Other	Uncompleted capital projects	**Total**
Cost as at March 31, 2016	174,306	555,422	63,878	1,075,623	147,203	39,970	**2,056,402**
Additions	-	94	-	14,940	4,893	62,319	**82,246**
Transfers (refer to Note 7)	-	8,628	2,626	33,777	10,974	(51,821)	**4,184**
Assets classified as held for sale	(7)	(204)	-	21	-	-	**(190)**
Disposals and write-offs	(181)	(6,339)	(1,036)	(72,846)	(9,312)	(73)	**(89,787)**
Cost as at March 31, 2017	**174,118**	**557,601**	**65,468**	**1,051,515**	**153,758**	**50,395**	**2,052,855**
Accumulated depreciation as at March 31, 2016	-	(234,131)	(32,799)	(796,491)	(107,912)	-	**(1,171,333)**
Depreciation for the year	-	(31,050)	(3,740)	(54,604)	(11,865)	-	**(101,259)**
Reclassification of depreciation on assets classified as held for sale	-	204	-	(21)	-	-	**183**
Reclassification of depreciation on disposals and write-offs	-	4,146	1,036	71,073	9,206	-	**85,461**
Accumulated depreciation as at March 31, 2017	**-**	**(260,831)**	**(35,503)**	**(780,043)**	**(110,571)**	**-**	**(1,186,948)**
Net carrying amount as at March 31, 2017	**174,118**	**296,770**	**29,965**	**271,472**	**43,187**	**50,395**	**865,907**

The contractual commitments for the acquisition of property and equipment are $16.4 million as at June 30, 2017 (March 31, 2017 – $12.1 million).

B. IMPAIRMENT AND OTHER CHARGES

No impairment loss was recorded in the Corporation's Condensed Consolidated Statement of Income (Loss) first quarter of 2017-2018 (2016 – $0.8 million). There were no impairment losses reversed during the three months ended June 30, 2017 (2016 – nil).

C. ASSETS CLASSIFIED AS HELD FOR SALE

Consistent with the Corporation's financial plan to reduce its real estate footprint, several properties were classified as held for sale for accounting purposes as at June 30, 2017 that have a total carrying value of $0.1 million (March 31, 2017 – $0.1 million). These properties are expected to be sold on a site by site basis over the next twelve months.

Since the completion of the cadastral operation relative to the sale of the MRC's premises was still outstanding as of June 30, 2017, management has not classified this asset as held for sale in these condensed interim consolidated financial statements. See Note 17 for further details.

In thousands of Canadian dollars, unless otherwise noted

D. DISPOSALS

There were no significant disposals during the first quarter of 2017-2018.

Other net gains and losses during the three months ended June 30, 2017 resulted from the disposal or retirements of equipment as part of the Corporation's normal asset refresh cycle.

7. INTANGIBLE ASSETS

	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost as at March 31, 2017	141,452	37,550	14,116	193,118
Additions	-	104	3,816	3,920
Transfers (refer to Note 6)	234	911	(2,283)	(1,138)
Cost as at June 30, 2017	**141,686**	**38,565**	**15,649**	195,900
Accumulated amortization as at March 31, 2017	(138,904)	(24,197)	-	(163,101)
Amortization for the period	(301)	(1,232)	-	(1,533)
Accumulated amortization as at June 30, 2017	**(139,205)**	**(25,429)**	**-**	(164,634)
Net carrying amount as at June 30, 2017	**2,481**	**13,136**	**15,649**	31,266

	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost as at March 31, 2016	140,760	32,191	12,903	**185,854**
Additions	-	641	11,065	**11,706**
Transfers (refer to Note 6)	889	4,779	(9,852)	**(4,184)**
Disposals and write-offs	(197)	(61)	-	**(258)**
Cost as at March 31, 2017	**141,452**	**37,550**	**14,116**	**193,118**
Accumulated amortization as at March 31, 2015	(137,827)	(19,270)	-	**(157,097)**
Amortization for the year	(1,274)	(4,986)	-	**(6,260)**
Reclassification of amortization on disposals and write-offs	197	59	-	**256**
Accumulated amortization as at March 31, 2017	**(138,904)**	**(24,197)**	**-**	**(163,101)**
Net carrying amount as at March 31, 2017	**2,548**	**13,353**	**14,116**	**30,017**

The contractual commitments for the acquisition of intangible assets are $4.4 million as at June 30, 2017 (March 31, 2017 – $5.0 million).

There were no impairment losses recorded or reversed during the three months ended June 30, 2017 (2016 – nil).

8. INVESTMENT IN ASSOCIATE

Sirius XM Canada Holdings (SiriusXM), a corporation located and domiciled in Canada, is a satellite radio communications company offering a variety of content on a subscription basis across Canada, including 6 channels carrying the Corporation's programming.

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 February 28, 2017, 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.

The equity-accounted investee information as at June 30 is summarized in the table below:

	Ownership interest held [1]		Voting interest held		Quoted Fair Value [2]		Carrying amount		Dividends declared [3]	
	June 30, 2017	March 31, 2017	June 30, 2017	March 31, 2017	June 30, 2017	March 31, 2017	June 30, 2017	March 31, 2017	June 30, 2017	June 30, 2016
SiriusXM	nil	10.15%	nil	9.63%	nil	$71.9M	nil	3,117	nil	$1.4M

[1]As at June 30, 2017, the Corporation held no shares in SiriusXM due to the sale of its interest in SiriusXM in May 2017 (2016 - 13,056,787 Class A Subordinate Voting Shares).
[2]The quoted market value (fair value) was based on unadjusted quoted prices in active markets (Level 1).
[3]SiriusXM had 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, 2017, there was no receipt of special dividends (2016: none). In addition, no regular dividends were paid during our first quarter due to the sale of our interest in SiriusXM in May 2017.

In thousands of Canadian dollars, unless otherwise noted

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:

	June 30, 2017	March 31, 2017
Opening balance	3,117	2,496
Share of results in associate	-	3,363
Dividends received[1]	-	(2,742)
Carrying amount of investment sold	(3,117)	-
Balance, end of the period	-	**3,117**

[1]Total dividends received during the three months ended June 30, 2017 amounted to nil (2016 - $1.4 million).

On May 13, 2016, the Corporation announced its intention to sell its shares by voting in favour of the privatization and recapitalization transaction undertaken by SiriusXM. The CRTC approval was obtained in April 2017 and the transaction was completed on May 25, 2017. As at that date, the Corporation sold its entire interest in SiriusXM at $4.50 a share to a third party for net proceeds of $57.6 million. This transaction has resulted in the recognition of a gain in the Condensed Interim Consolidated Statement of Income (Loss), calculated as follows:

Net proceeds from sale of shares	57,579
Less: carrying amount of investment sold	(3,117)
Gain recognized	**54,462**

The proceeds received from this transaction have been invested in marketable securities.

9. PROVISIONS

			Restructuring costs	
	Claims and legal proceedings	Environmental	Termination benefits	**Total**
Opening balance	30,190	390	-	30,580
Additional provisions recognized	4,030	-	6	4,036
Provisions utilized	(46)	-	-	(46)
Reductions resulting from remeasurement or settlement without cost	(728)	-	-	(728)
Balance, end of the period	**33,446**	**390**	**6**	**33,842**

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 consolidated financial statements. In addition, claims where cash outflows are not probable are considered as contingencies.

At June 30, 2017, the Corporation had provisions amounting to $33.4 million (March 31, 2017 – $30.2 million) in respect of legal claims. All matters are classified as current as, where estimable, the Corporation is working to resolve these matters within 12 months.

In thousands of Canadian dollars, unless otherwise noted

10. Pension Plans and Employee-Related Liabilities

A. Pension Plan Asset/Liability and Employee-Related Liabilities

Employee-related assets/liabilities recognized and presented in the Condensed Interim Consolidated Statement of Financial Position are as follows:

	Current		Non-current	
	June 30, 2017	March 31, 2017	June 30, 2017	March 31, 2017
Pension plan asset	-	-	-	**261,721**
Pension plan liability	-	-	252,714	108,095
Other post-employment plans	-	-	134,566	132,772
Vacation pay	62,493	57,963	-	-
Termination benefits	7,737	9,699	-	-
Salary-related liabilities	80,913	55,735	24,801	23,282
Total pension plan and employee-related liabilties	**151,143**	**123,397**	**412,081**	**264,149**

	June 30, 2017			March 31, 2017		
	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	6,881,253	-	-	6,733,325	-	-
Defined benefit obligation	7,017,165	116,802	134,566	6,471,604	108,095	132,772
Net (liability) asset arising from defined benefit obligation	**(135,912)**	**(116,802)**	**(134,566)**	**261,721**	**(108,095)**	**(132,772)**

B. Significant Actuarial Assumptions

As disclosed in Note 15 Pension Plans and Employee-Related Liabilities of the Corporation's annual consolidated financial statements for the year ended March 31, 2017, at each reporting period end the Corporation reviews its actuarial assumptions to ensure that the net defined benefit (liability) asset recognized in the financial statements is updated for significant changes in assumptions and significant changes arising from one-off events. The impact on the net defined benefit (liability) asset arising from any such changes in assumptions is recognized in other comprehensive income as a remeasurement for the period.

Assumptions – annual rates	June 30, 2017	March 31, 2017
Assumptions for the calculation of pension benefit costs:		
Discount rate	3.75%	3.75%
Assumptions for the calculation of the benefit obligation:		
Discount rate - pension	3.25%	3.75%
Discount rate - long service gratuity	2.75%	3.00%
Discount rate - LTD benefit	2.75%	3.00%
Discount rate - life insurance	3.25%	3.50%

C. Total Cash Payments

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

	For the three months ended June 30	
	2017	2016
Benefits paid directly to beneficiaries	2,862	3,224
Employer regular contributions to pension benefit plans	12,537	12,754
Total cash payments for defined benefit plans	**15,399**	**15,978**

The Plan is funded on the basis of actuarial valuations, which are made on an annual basis. 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.

In thousands of Canadian dollars, unless otherwise noted

D. Movements in the Present Value of the Defined Benefit Obligation

	June 30, 2017 Pension plans	June 30, 2017 Other post-employment plans	March 31, 2017 Pension plans	March 31, 2017 Other post-employment plans
Opening defined benefit obligation	6,579,699	132,772	6,413,660	136,833
Current service cost	26,558	1,136	105,569	5,525
Interest cost	61,004	939	237,604	4,301
Contributions from employees	12,642	-	46,447	-
Remeasurements:				
Actuarial losses (gains) arising from changes in demographic assumptions	-	-	104,472	(387)
Actuarial losses (gains) arising from changes in financial assumptions	525,955	2,581	(24,200)	37
Actuarial losses (gains) arising from experience adjustments	288	-	(10,363)	394
Benefits paid	(72,179)	(2,862)	(293,490)	(13,931)
Closing defined benefit obligation	**7,133,967**	**134,566**	**6,579,699**	**132,772**

E. Movements in the Fair Value of Plan Assets

	June 30, 2017 Pension plans	June 30, 2017 Other post-employment plans	March 31, 2017 Pension plans	March 31, 2017 Other post-employment plans
Opening fair value of plan assets	6,733,325	-	6,456,327	-
Administration fees (other than investment management fees)	(1,650)	-	(6,490)	-
Interest income on plan assets	62,182	-	238,195	-
Return on plan assets, excluding interest income	134,396	-	238,842	-
Contributions from employees	12,642	-	46,447	-
Contributions from the Corporation	12,537	2,862	53,494	13,931
Benefits paid	(72,179)	(2,862)	(293,490)	(13,931)
Closing fair value of plan assets	**6,881,253**	-	**6,733,325**	-

F. Defined Benefit Plan Costs

Amounts recognized in comprehensive (income) loss

	For the three months ended June 30 2017	For the three months ended June 30 2016
Current service cost	27,694	27,537
Administration fees (other than investment management fees)	1,650	1,623
Interest cost on defined benefit obligation	61,943	60,386
Interest income on plan assets	(62,182)	(59,549)
Other	139	130
Expense recognized in net results	29,244	30,127
Remeasurements recognized in other comprehensive (income) loss	394,289	53,470
Total	**423,533**	**83,597**

Retained earnings include $175.5 million of cumulative actuarial gains as at June 30, 2017 (March 31, 2017 gains – $569.8 million).

Expense recognized in net results

	For the three months ended June 30 2017	For the three months ended June 30 2016
Television, radio and digital services costs	28,074	28,922
Transmission, distribution and collection costs	877	904
Corporate management	293	301
Total	**29,244**	**30,127**

In thousands of Canadian dollars, unless otherwise noted

11. Revenue

	For the three months ended June 30	
	2017	2016*
TV and radio advertising[1]	48,345	47,302
Digital advertising	7,559	6,648
Subscriber fees	32,113	33,112
Building, tower, facility and service rentals	10,100	9,716
Production revenue[2]	6,371	6,163
Programming and licensing sales	4,990	6,709
Retransmission rights	759	751
Program sponsorship	328	410
Other services	658	1,153
Total Rendering of services	**111,223**	**111,964**
Total Financing and Investment income	**2,402**	**2,525**
Foreign exchange gain	118	130
Net loss from the change in fair value of financial instruments	(535)	(13)
Total Revenue	**113,208**	**114,606**

[1]TV and radio advertising includes revenue from exchange of services of $0.3 million (2016 - $0.6 million).

[2]Production revenue includes revenue from exchange of services of $5.9 million (2016 - $5.4 million).

* For the year ended March 31, 2017, the Corporation reclassified certain revenue sources to better reflect how management monitors and reports these activities internally. As a result, the comparative figures have been restated to reflect these changes in presentation. For more details about these reclassifications, refer to Note 20 of the audited annual consolidated financial statements for the year ended March 31, 2017.

12. Government Funding

A. Government Funding Received

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

	For the three months ended June 30	
	2017	2016
Operating funding	269,000	199,000
Capital funding received	25,000	20,000
Working capital funding	1,000	1,000
	295,000	**220,000**

B. Deferred Operating Vote Drawdown

Parliamentary appropriation for operating expenditures is 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.

	June 30, 2017	March 31, 2017
Operating funding received during period	269,000	1,002,307
Less: Parliamentary appropriation for operating expenditures recognized in the Condensed Interim Consolidated Statement of Income (Loss) during period	(214,883)	(1,002,307)
Deferred appropriations for operating expenditures	**54,117**	**-**

In thousands of Canadian dollars, unless otherwise noted

C. Deferred Capital Funding

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.

	June 30, 2017	March 31, 2017
Opening balance	545,234	531,295
Government funding for capital expenditures	25,000	106,717
Amortization of deferred capital funding	(22,884)	(92,778)
Balance, end of the period	**547,350**	**545,234**

13. Movements in Working Capital

	For the three months ended June 30	
	2017	2016
Changes in Working Capital are comprised of:		
Trade and other receivables	778	9,241
Programming asset (current)	(67,113)	(64,829)
Merchandising inventory	2	214
Prepaid expenses	475	3,273
Accounts payable and accrued liabilities	(15,312)	(29,932)
Provisions	3,262	670
Pension plans and employee-related liabilities (current)	18,756	12,791
Deferred revenues (current)	(1,336)	2,476
	(60,488)	**(66,096)**

In thousands of Canadian dollars, unless otherwise noted

14. Financial Instruments

A. Fair Value

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

	June 30, 2017		March 31, 2017			
	Carrying values	Fair values	Carrying values	Fair values	Method[1]	Note
Financial instruments measured at fair value on a recurring basis:						
Cash	95,956	95,956	131,062	131,062	Level 2	(a)
Marketable securities						
Bonds	99,544	99,544	10,794	10,794	Level 2	(b)
Equity	-	-	12,437	12,437	Level 1	(c)
Derivative financial instruments	-	-	200	200	Level 2	(d)
Financial assets	**195,500**	**195,500**	**154,493**	**154,493**		
Derivative financial instruments	340	340	-	-	Level 2	(e)
Financial liabilities	**340**	**340**	**-**	**-**		
Financial instruments measured at amortized cost:						
Trade and other receivables	124,680	124,680	125,499	125,499	Level 2	(a)
Promissory notes receivable (current)	3,294	3,294	3,238	3,238	Level 2	(a)
Investment in finance lease (current)	3,226	3,226	3,171	3,171	Level 2	(a)
Promissory notes receivable (non-current)	36,920	42,178	37,661	43,676	Level 2	(f)
Investment in finance lease (non-current)	40,421	47,339	41,248	48,524	Level 2	(f)
Financial assets	**208,541**	**220,717**	**210,817**	**224,108**		
Accounts payable and accrued liabilities	72,074	72,074	87,947	87,947	Level 2	(a)
Bonds payable (current)	18,950	18,950	22,921	22,921	Level 2	(a)
Obligations under finance leases (current)	7,417	7,417	10,293	10,293	Level 2	(a)
Notes payable (current)	7,759	7,759	8,726	8,726	Level 2	(a)
Bonds payable (non-current)	213,176	270,902	221,361	285,330	Level 2	(g)
Obligations under finance leases (non-current)	6,162	6,162	6,300	6,300	Level 2	(g)
Notes payable (non-current)	83,054	91,925	86,728	96,706	Level 2	(g)
Financial liabilities	**408,592**	**475,189**	**444,276**	**518,223**		

[1]Method refers to the hierarchy levels described at Note 2B of the Corporation's consolidated financial statements for the year ended March 31, 2017. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities.

There have been no transfers between levels during the three months ended June 30, 2017.

(a) The fair values approximate their carrying value due to the current nature of these instruments.

(b) The fair values for bonds that trade in markets that are not considered to be active are based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs.

(c) The Corporation has designated its marketable securities at fair value through profit or loss. Fair values are determined based on quoted market prices for the individual assets and the quantity held by the Corporation.

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

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

(f) 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 reflects the credit worthiness of the various counterparties.

(g) 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.

In thousands of Canadian dollars, unless otherwise noted

B. CREDIT RISK

I) AGE OF TRADE RECEIVABLES THAT ARE PAST DUE BUT NOT IMPAIRED

	June 30, 2017	March 31, 2017
31 - 60 days	16,700	24,030
61 - 90 days	19,284	14,256
Over 90 days	18,429	15,240
Total	**54,413**	**53,526**

II) MOVEMENT IN ALLOWANCE FOR DOUBTFUL ACCOUNTS

	June 30, 2017	March 31, 2017
Opening balance	(1,240)	(2,058)
Amounts written off during the period as uncollectible	-	1,868
Impairment losses reversed	124	177
Net increase in allowance for new impairments	(243)	(1,227)
Balance, end of the period	**(1,359)**	**(1,240)**

15. 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:

	For the three months ended June 30	
	Rendering of services	
	2017	2016
Associate	193	551
Other related entities[1]	28	28
	221	**579**

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

In addition, cash payments for the Corporation's contributions to the defined benefit plans are disclosed in Note 10.C.

A. TRANSACTIONS WITH RELATED PARTIES EXCLUDING GOVERNMENT-RELATED ENTITIES

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

	Amounts owed by related parties	
	June 30, 2017	March 31, 2017
Associate	-	**596**

There are no amounts owing to related parties at June 30, 2017 (March 31, 2017 – nil). SiriusXM ceased being an associate on May 25, 2017 after the Corporation sold its interest in SiriusXM.

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

B. OTHER TRANSACTIONS WITH ASSOCIATE

There were no significant transactions with the Corporation's associate during the current or previous fiscal period other than the dividends received and the privatization and recapitalization transaction, 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.

The Corporation has elected to take an exemption under IAS 24 *Related Party Disclosures* which allows government related entities to limit the extent of disclosures about related party transactions with government and other government related entities.

16. COMMITMENTS

Commitments are discussed in Note 28 Commitments of the Corporation's consolidated financial statements for the year ended March 31, 2017. Commitments for the purchase of property and equipment this quarter are disclosed within Note 6.A Property and Equipment of this report. There were no other material changes to commitments during the first quarter of 2017-2018.

17. SUBSEQUENT EVENTS

During 2016-2017, CBC/Radio-Canada undertook a process to sell the existing Maison de Radio-Canada (MRC) location and to construct a new MRC on the same location. The process involved severing the existing property into two parcels, one to be sold, and the other parcel to build the new MRC. On November 22, 2016, CBC/Radio-Canada selected Groupe Mach as the purchaser of the existing MRC building and land and also announced the selection of Broccolini group for the build of the new MRC on a portion of the same site. The sale was subject to certain conditions being met, including Government of Canada approval and the completion of cadastral operations by the City of Montreal. The Government of Canada and Governor in Council approvals were obtained in April 2017, and the cadastral process was completed on July 14, 2017. The assets were not classified as held-for-sale on June 30, 2017 as the site was not available for immediate sale in its present condition. Therefore, no financial impact is reflected in these interim condensed consolidated financial statements.

The sale closed on July 27, 2017 for cash proceeds of approximately $42.2 million. At the date of this report, management has not fully determined the accounting impacts of this sale.

The lease of the new MRC from Broccolini is for an initial term of 30 years, with associated lease commitments of $281.4 million. The lease will commence on January 2020 following the completion of the build.