CBC/RADIO-CANADA
FIRST QUARTER FINANCIAL REPORT
2013-2014

CBC Radio-Canada

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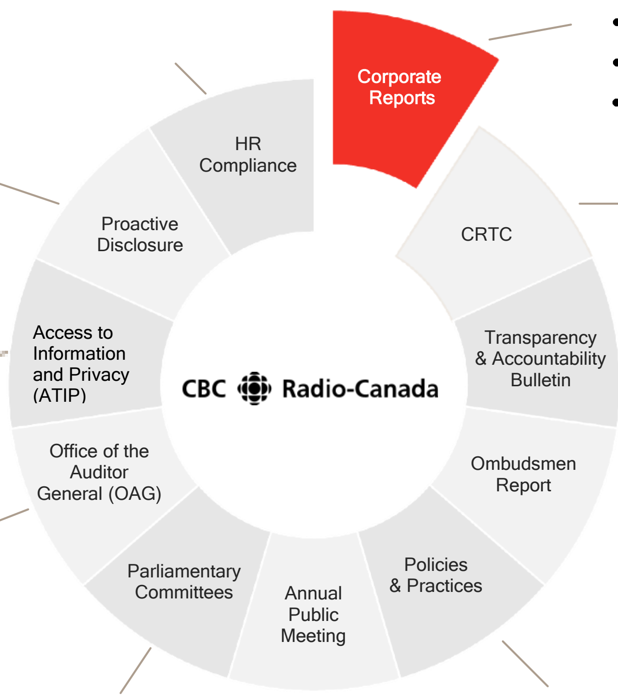
CBC/Radio-Canada's Commitment to Transparency and Accountability

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

- Review on Implementation of Section 41 of the Official Languages Act
- Annual Report on Employment Equity to the Department of Human Resources and Skills Development Canada (HRDSC)

- Annual Report, tabled in Parliament
- Corporate Plan and Summary
- **Quarterly Financial Reports**
- CBC Pension Annual Report
- Public Accounts of Canada
- Semi-Annual Report Card

- Proactive Disclosure web pages (including posting of travel and hospitality expenses of the Chair and Executives)



- Annual reporting to the CRTC
- Periodic license renewals

- ATIP requests

- Annual OAG Attest Audit
- Special Examination

- Appearances before Parliamentary Committees (Canadian Heritage, Official Languages)

- Journalistic standards and practices
- Code of conduct

Management Discussion and Analysis

Quarterly Reporting Requirement

In addition to filing an annual report, we are required — like most Canadian federal Crown corporations — to file quarterly financial reports for the first three quarters of each fiscal year. In keeping with our commitment to transparency and effective oversight of public funds, we are pleased to present this quarterly report for the first quarter ended June 30, 2013. It can be accessed on our corporate website.

These unaudited condensed interim consolidated financial statements for the quarter ended June 30, 2013 have not been reviewed by our auditor.

Seasonality

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

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

Note Regarding Forward-Looking Statements

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

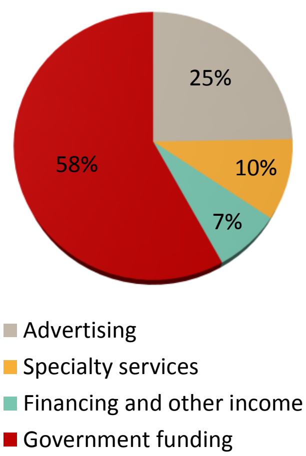
Non-IFRS Measure

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

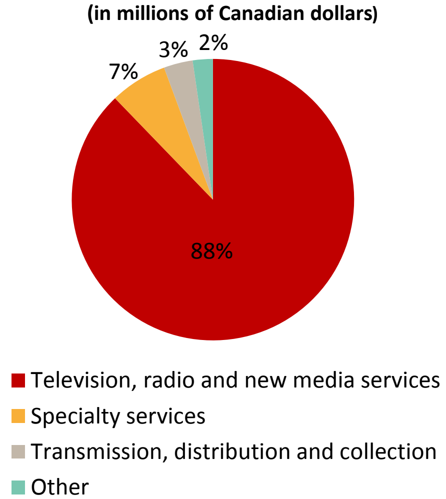
Quarter in Review

Financial Highlights

Revenue and Sources of Funds for Q1 2013–2014
(in millions of Canadian dollars)



Expense Breakdown for Q1 2013–2014
(in millions of Canadian dollars)



Results on a Current Operating Basis for the first quarter of 2013–2014 were close to breakeven at ($0.6) million, compared to ($3.9) million in the same period of 2012–2013.

	For the three months ended June 30		
(in thousands of Canadian dollars)	2013	2012 (revised[1])	% change
Revenue	184,152	182,705	0.8
Expenses	(467,000)	(524,650)	11.0
Government funding	253,982	303,048	(16.2)
Results before non-operating items	**(28,866)**	**(38,897)**	**25.8**
Net results for the period	**(30,381)**	**(39,393)**	**22.9**
Results on a current operating basis[2]	**(590)**	**(3,885)**	**84.8**

[1] The amounts for 2012 have been revised as a result of the adoption of the revised accounting standard on pensions. See Note 2C, Adoption of New and Revised International Financial Reporting Standards of the condensed interim consolidated financial statements for more details.
[2] Results on a Current Operating Basis is a non-IFRS measure. A reconciliation of net results to Results on a Current Operating Basis is provided in section 3.1.

IFRS Results

Changes in net results were primarily due to the following:

- Revenue increased by $1.4 million (0.8 per cent) compared to the first quarter of 2012−2013. Advertising revenue was $2.2 million (2.0 per cent) higher as a result of the change in the hockey schedule after the end of the NHL lockout and new revenue-generating initiatives; this was partly offset by reduced specialty services revenue following the sale of **bold**.
- Expenses were lower by $57.7 million (11.0 per cent) compared to the first quarter of 2012−2013 because of cost reduction initiatives that reduced operating costs. In addition, expenses in the first quarter of last year were unusually high as a result of one-time costs required to implement the cost reduction initiatives.
- Government funding recognized this quarter decreased by $49.1 million (16.2 per cent) compared to the same period last year. Parliamentary appropriations for operating expenditures were $21.5 million lower, consistent with Federal Budget 2012. As well, lower capital funding was recognized following the shutdown of our analogue TV assets last year.

Results on a Current Operating Basis

Results on a Current Operating Basis for the first quarter of 2013−2014, which were close to breakeven, exclude items that do not currently generate or require funds from operations, the most significant being $16.1 million charged for non-cash pension expense in the current quarter as a result of the adoption of a revised accounting standard, IAS 19R − *Employee Benefits*.

Further details reconciling net results to Results on a Current Operating Basis are provided in section 3.1 of this report.

Business Highlights

We continue to fulfill our strategic mandate guided by our five-year strategic plan, Strategy 2015 *Everyone, Every way*. Over the quarter, we implemented a variety of initiatives that support the plan's three key thrusts:

- More distinctly Canadian: Network programming and national public spaces
- More regional: Regional presence and community spaces
- More digital: New platforms and digital spaces

More Distinctly Canadian

From original digital productions and world class journalism to the NHL playoffs, we continued to bring Canadians together with innovative, distinctly Canadian content.

In the first quarter of 2013−2014, original digital products were a big part of Radio-Canada's distinctive program offerings, starting with the first-ever multiple release of the web series *Les Béliers* on Tou.Tv. The transmedia romantic comedy *Émilie* (also on Tou.Tv), which used innovative processes such as audience input, was subsequently released in movie theatres, completely reversing the usual broadcast/distribution sequence.

To maintain its edge, Radio-Canada relies on major partnerships. During the first quarter, we renewed our partnership with the Orchestre symphonique de Montréal for 2013−2014. This partnership, as valued by audiences as it is by Radio-Canada, will give rise to major multiplatform "signature" events. Similarly, Radio-Canada's renewed association with the Montréal Complètement Cirque festival will continue to lend a unique flavour to our summer programming and underscores Radio-Canada's commitment to partnering with major cultural events.

Radio-Canada is continually reviewing its offerings to harmonize and optimize our resources and expertise. Since the end of June, new music programming, formerly broadcast on Bande à part, is now available on Espace.mu. The Radio Canada International (RCI) site, revamped this past April, has more than doubled its traffic[1].

CBC News and Radio-Canada maintained their record of excellence in enterprise journalism on all platforms with the *Rate My Hospital* special report and investigations on the potential dilution of chemotherapy drugs and the international tax haven probe. CBC and Radio-Canada also continued to cover stories of importance to Canadians such as the Alberta floods and the election in British Columbia (including the use of Vote Compass for the first time in a British Columbia election).

[1] Radio-Canada Research, comparison of monthly averages between April-June 2013 and April-June 2012, unique visitors. Comscore, persons aged 2 years and older.

The NHL Stanley Cup playoffs were prominent in CBC's programming during the quarter, with a total of 24.9 million Canadians tuned in to *Hockey Night in Canada*, representing 73 per cent of the population. Viewership for the Stanley Cup final round was up 3 per cent over the last year and a first round audience record was set with game seven of the Toronto/Boston series, which averaged 5.17 million viewers.

CBC Television celebrated the 30th anniversary of the comedy program *Just for Laughs* with a highlights special hosted by George Stroumboulopoulos on April 23. On the *Documentary Channel*, Hot Docs week (April 21−28) celebrated award-winning documentaries.

Searchlight, a unique partnership between CBC Radio One and CBCMusic.ca, concluded in April with the announcement of *Sherman Downey and the Ambiguous Case* as the winners for Canada's best new artist as voted by the public.

In April, CBC/Radio-Canada, along with VIA Rail Canada and Community Foundations of Canada (CFC), kicked off a national conference series to spark conversation about Canada's upcoming 150th anniversary of Confederation. The goal of the CANADA 150/2017 STARTS NOW conferences is to inform, inspire and incubate local and regional projects to mark the country's sesquicentennial anniversary, and to develop new ways to connect Canadians to national initiatives. The first bilingual conference took place in Vancouver on April 5; the last was in Ottawa on June 27, with 10 others taking place across the country and hundreds of delegates representing different sectors of our society participating. Canadians had the opportunity to watch the 12 conferences via live stream on an interactive website. The summary report captures the energy and dialogue that was heard throughout the country, and is available at www.2017startsnow.ca.

More Regional

During the quarter, we continued to demonstrate our commitment to increasing our presence in the regions.

ARTV's weekly arts magazine, *ARTV Studio,* will be collaborating more closely with Radio-Canada's regional stations, bringing viewers the latest in arts and entertainment news from coast to coast to coast.

In keeping with tradition, Radio-Canada teamed up with CBC to take part in the Northern Scene Festival, the sixth edition of the National Arts Centre scene series, and held in the Ottawa-Gatineau region. This is Canada's largest gathering of artists from the North, and we helped to showcase the biennial event.

Since June, Eastern Quebec has had its own weekend edition of *Le téléjournal*. To continue improving coverage of this wide area, a production centre will open in Matane. When this is completed, Radio-Canada will have invested over $10 million in the region, including our investment in the Eastern Quebec Broadcast Centre, which opened in September 2012.

CBC is also focused on increasing its regional services to Canadians. Saskatoon launched a digital morning show on April 29 for its local market; the program will be broadcast over the air in the near future, subject to regulatory approval. In Calgary, the Sunday late night news expanded to 30 minutes in late June.

In April, *A Propos* celebrated its 25th anniversary of exposing francophone music to Canadians across the country with exclusive over-the-air content and with a month-long CBCMusic.ca channel.

Finally, in response to regional expectations expressed at the CRTC licence renewal hearings, Radio-Canada attended and contributed to the annual general meeting of the Fédération des communautés francophones et acadiennes du Canada (FCFA).

More Digital

Our digital offering continues to build momentum with new initiatives and products being launched and new genres being explored this quarter.

Digital offerings are at the heart of Radio-Canada's programming and production strategy. The network is continually creating new products and exploring new genres: digital books (*C'était Bourgault*), web documentaries (*Jazz petite Bourgogne* on Espace.mu), a revamped youth section and a second-screen application to accompany the second edition of the program *Dans l'œil du dragon*.

Radio-Canada's multiplatform rollout also includes specialty channels that allow the network to reach even more Canadians. The channel Explora − devoted to science, nature, the environment and health − is celebrating its first anniversary and is now available on Bell TV, after a free preview period that ran until June 30, 2013.

For CBC, digital programming during the quarter included the live audio streaming of the first-ever CBC Musicfest in May, which included talent from CBCMusic.ca and CBC Radio. CBCMusic.ca also covered the JUNO Awards and promoted a cross-country road trip. Finally, Kids' CBC launched a Little Wally Ball-y Ball app for iPad and iPhones. In addition, CBC online web exclusives included *Murdoch Mystery Bloopers!*, *40 Years of Marketplace Exposed*, *Hockey Night in Canada* playoff pool and *Is Kevin Really That Mean?.*

CBC continues to provide Canadians with service where and when they want it. April 2013 was a record-breaking month for CBC.ca, which captured the highest number of unique visitors in its history − 7.5 million or 27 per cent of online Canadians. May 2013 was a close second with just under 7.5 million unique visitors to the site.

Other Business Matters

On May 28, 2013, the CRTC issued CBC/Radio-Canada's licence renewal decision, providing support for the ongoing implementation of Strategy 2015. Now that we've just passed the half-way point of our five-year strategic plan, the modern regulatory framework the CRTC has given the Corporation will help sustain the momentum as we become more regional, more Canadian and more digital. The ability to generate new revenue by introducing advertising to Radio 2 and Espace musique is also a key element of our plan and will ensure that these services can continue to be points of discovery for Canadian music fans.

In June, Radio-Canada Executive Vice-President Louis Lalande officially announced the full range of signatures that will now be associated with the public broadcaster's platforms under the common denominator ICI Radio-Canada. The new ICI Radio-Canada brand identity is but one aspect of a much broader and extensive exercise that unfolded over the last year. All across the organization, Radio-Canada is working to redefine itself in order to remain a relevant public broadcaster that produces and delivers content effectively in a multiplatform world.

Inspired by the success of certain regional stations, the Maison de Radio-Canada (MRC) in Montreal will be completely digitizing its production centre. This is a major project: the MRC is the biggest French-language media production centre in North America. All production stages, from project proposals to archiving, will soon be entirely digital.

In this year's Marketing/Leger Corporate Reputation Survey, CBC/Radio-Canada ranked 25th, an impressive 15-place jump from last year. We were the only broadcaster to make the list. *Marketing* magazine and Leger Marketing produce a yearly consumer survey assessing hundreds of brands in the Canadian market. The result of that research is a top 100 of the best brand reputations.

As of May 9, 2013, CBC/Radio-Canada's six channels distributed on Sirius Satellite Radio also became available to XM Satellite Radio subscribers. This is an important milestone for us. The reach of our channels doubled to more than 26 million subscribers across Canada and the United States.

We also announced the signing of a major agreement with TVA Sports to secure even wider coverage in the French-language market for 2014 FIFA World Cup Brazil™ events. Under the agreement, every match will now be broadcast live to Canada's French-speaking audiences – 46 on Radio-Canada and 18 on TVA Sports, which will also have rebroadcast rights for all 64 matches.

Looking Forward

In September, our new broadcast licence comes into effect. The conditions of licence that the Corporation has received from the CRTC support and reaffirm the Corporation's independence in making programming decisions that are consistent with our mandate and the *Broadcasting Act*. In return for this programming flexibility, we must file detailed annual reports with the Commission about our regional and independently produced programming, as well as programming created in and for Official Language Minority Communities (OLMCs). We will also be holding formal consultations once every two years in OLMCs and reporting on these consultations.

We are currently renegotiating our contract with the NHL for broadcasting and digital rights beyond 2014. In addition, with the Sochi 2014 Olympic Winter Games around the corner, we've begun special Olympic programming including continual roll-out of athlete portraits and a monthly countdown. We are looking forward to broadcasting the Sochi 2014 Olympic Winter Games and the Rio 2016 Olympics Summer Games as we finalize our publicity and outreach plans to build on the Olympics' power to create connections across the country.

1. Performance Update

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

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

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

Further details, including 2013−2014 targets for all performance indicators, are provided in our 2012−2013 Annual Report.

1.1 Strategic Indicators

Measuring our success against Strategy 2015: Everyone, Every way

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

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

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

Indicators for Specialty Channels, New Platforms and Revenue are measured from the beginning of the fiscal year, and first quarter results to date are presented in Section 1.2 of this report.

Annual targets for these performance measures in 2013−2014 are also provided, as are prior year results.

Canadian Content Expectations and Results

Regulatory requirements for Canadian content on television are specified by the CRTC, which sets expectations of service for Télévision de Radio-Canada and CBC Television. For the whole broadcast day, a minimum of 75 per cent Canadian content is expected. For the peak period, a minimum of 80 per cent Canadian content is expected. Both measures are averages over the entire broadcast year from September 1 to August 31. As shown in the table below, in the current broadcast year to date and in the prior year, Télévision de Radio-Canada and CBC Television have exceeded the CRTC's Canadian content expectations, both over the whole day and in prime time. Increasing Canadian programming is key to Strategy 2015.

Canadian Content		**Yearly Regulatory Expectations**	**Results Sep. 1, 2012 to June 30, 2013**	**Results Sep. 1, 2011 to Aug 31, 2012**
Télévision de Radio-Canada				
Broadcast day	(Mon-Sun, 6:00 a.m.-12:00 a.m.)	75%	85%	86%
Prime time	(Mon-Sun, 7:00 p.m.-11:00 p.m.)	80%	91%	93%
CBC Television				
Broadcast day	(Mon-Sun, 6:00 a.m.-12:00 a.m.)	75%	93%	85%
Prime time	(Mon-Sun, 7:00 p.m.-11:00 p.m.)	80%	87%	81%

1.2 Operational Indicators

In addition to monitoring the overall performance of Strategy 2015 (see section 1.1 above), we have developed KPIs for English and French Services.

These indicators relate directly to our strategic priorities and are formulated each year as part of the media lines' business plans. The KPI targets consider a number of factors, including specific programming, sources of funding, broadcast industry trends, consumer behaviour patterns and past performance.

Our first quarter report contains a partial list of KPIs because many of the principal targets are measured from September. They are not available for CBC Television, CBC Radio, Télévision de Radio-Canada, Première Chaîne and Espace Musique until the fall and are consequently not in our first quarterly reports.

An update on all KPIs will be provided in future quarterly financial reports.

English Services

During the first quarter, CBC News Network increased its audience share and CBC.ca increased its number of unique visitors, driven in part by compelling news events. Other indicators are trending consistent with target.

English Services		Annual Targets 2013–2014	Results to date	Annual Results 2012–2013
Television				
CBC News Network	All day audience share April-March[1]	1.4%	1.6%	1.3%
Regional				
Regional web pages	Monthly average unique visitors April-March[2]	0.995 million	0.996 million	0.971 million
New Platforms				
CBC.ca	Monthly average unique visitors April-March[2]	6.5 million	7.4 million	6.3 million
Specialty Television Channels				
CBC News Network	Subscribers	11.2 million	11.3 million	11.3 million
documentary	Subscribers	2.7 million	2.7 million	2.7 million
Revenue[3] Conventional, specialty, online		$400 million	$114 million	$362 million

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

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

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

French Services

The performance to date is as expected and consistent with our annual targets. In line with viewing performance in 2012–2013, the combined share for specialty channels is above target. The latter's results can be attributed to an active news scene that continues drawing large audiences. Similarly, these compelling news stories contributed to increased traffic on regional web pages compared to the same period last year, in spite of seasonality fluctuations experienced during the first quarter by Radio-Canada's websites as a whole.

French Services		**Annual Targets 2013–2014**	**Results to date**	**Annual Results 2012–2013**
Television				
RDI, ARTV, Explora	All-day audience share April-March[1]	5.2%	5.4%	5.4%
Regional				
Regional web pages	Monthly average unique visitors April-March[2]	0.710 million	0.701 million	0.646 million
New Platforms				
Radio-Canada.ca, Tou.Tv, Bandeapart.fm, RCI.net, Espace.mu	Monthly average unique visitors April-March[2]	2.3 million	2.0 million	2.2 million
Specialty Television Channels				
RDI	Subscribers	11.1 million	11.2 million	11.2 million
ARTV	Subscribers	2.0 million	2.0 million	2.0 million
Explora	Subscribers	0.4 million	0.3 million	0.3 million
Revenue[3] Conventional, specialty, online		$243.8 million	$61.0 million	$252.8 million

1 Source: BBM Canada, Personal People Meter (PPM), persons aged 2 years and older.
2. Source: comScore, persons aged 2 years and older.
3. Revenue for ARTV is reported at 100 per cent although CBC/Radio-Canada owns 85 per cent. Includes revenue from LPIF, a fund reported by the CRTC to support local programming. Amounts reflect the phase out of the fund over three years ending August 31, 2014.

2. Capability to Deliver Results

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

2.1 People and Leadership

In 2013−2014, our People & Culture division introduced a new strategic plan that aligns our strategy for our people more closely with Strategy 2015. For the next three years, we will continue to focus on attracting and developing the talent we need, sustaining a high-performance workforce, fuelling a healthy culture that drives and recognizes performance and improving workforce flexibility.

Dialogue

In the fall of 2010, we launched Dialogue, a corporate-wide survey to measure employee engagement and drive organizational change. In November 2012, we conducted a follow-up survey to gauge our progress, particularly on our two organizational priorities from the first survey: recognition and development. More than 60 per cent of our employees shared their thoughts with us.

In June 2013, the National Dialogue Advisory Committee met to delve deeper into the results that were rolled out to employees and management teams in the spring. An updated national action plan is in the works and will focus on continuing to improve recognition and development. In addition, managers across the Corporation are having conversations with their teams and developing action plans to address specific concerns.

Help Fund

Every year, we invite managers to apply for the HELP Fund. This $200,000 fund helps managers reach their diversity hiring targets through recruiting from the four employment equity designated groups (women, Aboriginal peoples, persons with disabilities and visible minorities) and through internships, development opportunities and workplace accommodations. This year, the Fund was launched in the first quarter of 2013 to allow hiring managers to better plan for the year ahead. We received 56 proposals, 28 of which were approved for funding.

CBC Employee Benefits

Last year, as a part of our plan to deal with the $200 million financial challenge following the 2012 federal budget and other financial pressures as we keep pace as a modern public broadcaster, we announced that we would be increasing the employee-paid portion of pension contributions over two years. On July 1, 2012, the employee-paid portion increased by 3 per cent to 37 per cent. On July 1, 2013, it increased a further 3 per cent to 40 per cent. This shift will reduce the Corporation's costs by $12 million cumulatively by the end of fiscal 2014–2015 and better aligns our plan with those of other Crown corporations and the federal government.

Renewal of Collective Agreements

This spring, representatives of CBC/Radio-Canada and the *Syndicat des technicien(ne)s et artisan(e)s du réseau français* (STARF) formally ratified the renewal of their collective agreement for one year, from April 1, 2013 to March 31, 2014.

A new collective agreement was also signed by representatives of CBC/Radio-Canada and the *Union des artistes* (UDA), effective from May 27, 2013 to November 14, 2015.

Challenge Us!

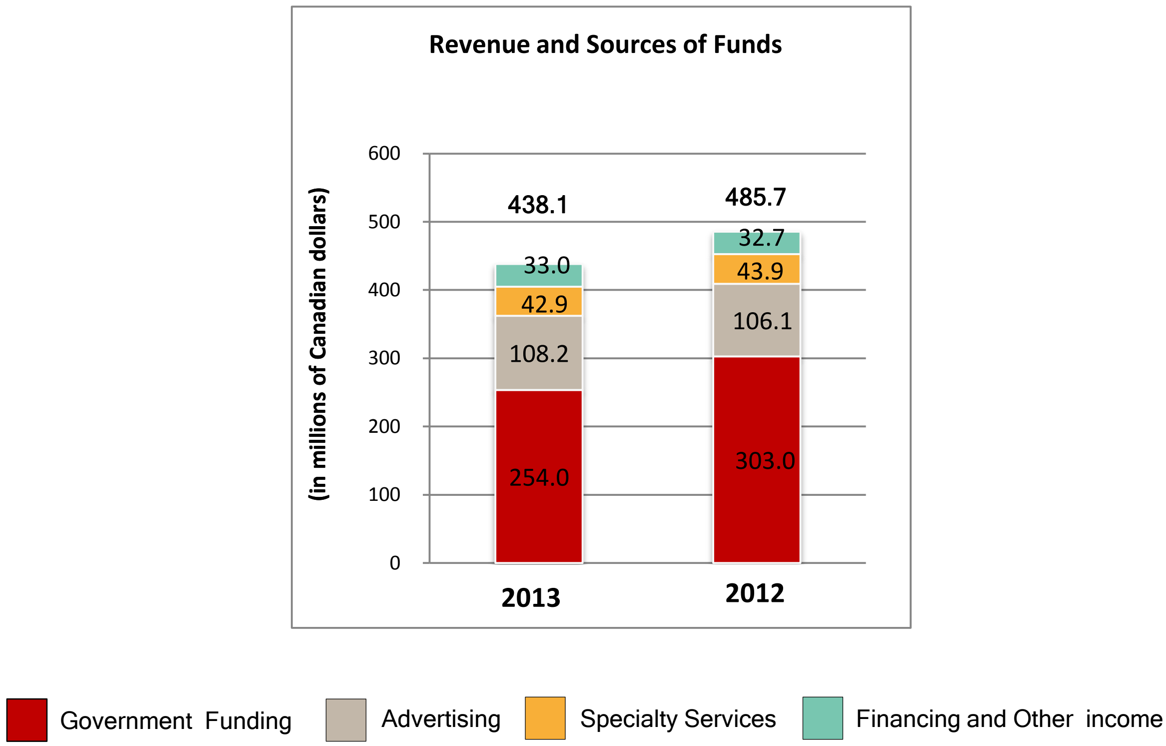
This past April, over 70 CBCers and Radio-Canadiens from across the country came together in Montreal to participate in *Challenge Us!*, a two-day working session for delving into issues that matter deeply to our future success. Topics included the changing landscape of broadcasting, fostering creativity, and diversity in the workplace and on the air, as well as our impact and influence as a public broadcaster. Some of the recommendations will also feed into the strategic planning process as we look beyond 2015.

Corporate Social Responsibility

CBC's *Live Right Now* announced that, thanks to the commitment and dedication of families across the country, we have fed 100,000 Canadian families in need. In less than three months, thousands of Canadians made the Bring Healthier Home pledge to eat together more often. By creating healthier habits they not only helped themselves, they also helped others in need. This was the third consecutive year that *Live Right Now* has helped make a difference to the health of the nation.

2.2 Resource Capacity

We have four sources of direct funding: government operational and capital funding, advertising revenue, specialty services revenue and financing and other income.



For quarter-over-quarter variance analysis, see Section 3, Results and Outlook.

Government Funding

For the first quarter of 2013–2014, government funding was approximately 58 per cent of total revenue and sources of funds. This included $27.9 million of amortization of deferred capital funding.

The federal government announced funding reductions in Federal Budget 2012. CBC/Radio-Canada's share of this reduction will be $115 million annually by 2014–2015. This includes the elimination, over that same period, of the $60 million in one-time funding received annually since 2001. By the end of the current fiscal year, the operating appropriation recognized as revenue is expected to be $956.9 million, a $69.6 million reduction in CBC/Radio-Canada's operating appropriation for 2013–2014 compared to 2011–2012 levels, with the full reduction of $115.0 million reached by 2014–2015.

Advertising Revenue

We generate revenue by selling advertising on our conventional television broadcasts and on other platforms. In the first quarter of 2013−2014, advertising accounted for approximately 25 per cent of our total revenue and sources of funds.

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

Specialty Services Revenue

Specialty services revenue, which includes subscription and advertising from CBC News Network, *Documentary Channel*, Explora, ARTV and the Réseau de l'information de Radio-Canada (RDI), generated approximately 10 per cent of total revenue and sources of funds in the first quarter of 2013−2014.

Financing and Other Income

Financing and other income, which includes contributions from the LPIF and the Canadian Media Fund (CMF) and from activities such as program sales, merchandising, rental of mobile broadcasting vehicles to external parties, rental of real estate assets and leasing of space at our transmission sites, accounted for approximately 8 per cent of total revenue and sources of funds in the first quarter of 2013−2014. Included in these funds were $10.4 million of LPIF contributions. The fund will be completely eliminated by August 31, 2014.

Borrowing Authority

The *Broadcasting Act*, section 46.1, confers on CBC/Radio-Canada the authority to borrow up to $220 million, or such greater amount as may be authorized by Parliament, subject to approval of the Minister of Finance. Section 54 (3.1) of the Act requires that our borrowing plan be included in our corporate plan for the approval of the Minister of Finance.

In June 2013, the Minister provided us with approval in principle of up to $25 million borrowing in aggregate during 2013−2014. Guidelines established by the Department of Finance limit our borrowing activities to short-term initiatives with a payback period of six years or less. Borrowing to meet working capital purposes is prohibited.

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

3. Results and Outlook

3.1 Results

Summary – Net Results

	For the three months ended June 30		
(in thousands of Canadian dollars)	2013	2012 (revised[1])	% change
Revenue	184,152	182,705	0.8
Expenses	(467,000)	(524,650)	11.0
Government funding	253,982	303,048	(16.2)
Results before non-operating items	**(28,866)**	**(38,897)**	**25.8**
Non-operating items	(1,515)	(496)	(205.4)
Net results for the period	**(30,381)**	**(39,393)**	**22.9**
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Results on a Current Operating Basis for the first quarter of 2013–2014 were close to breakeven at ($0.6) million, compared to ($3.9) million in the same period last year.

IFRS Results

The revenue increase of $1.4 million (0.8 per cent) was a result of higher advertising revenue because more regular season *Hockey Night in Canada* games were broadcast this quarter relative to last year, as the league adjusted its schedule following the NHL lockout. Expenses were $57.7 million lower (11.0 per cent) compared to the first quarter of last year as a result of cost reduction initiatives that reduced operating costs. Last year, we incurred one-time expenses to implement these initiatives. Government funding recognized this quarter decreased by $49.1 million (16.2 per cent) compared to the same period last year due to less capital funding recognized following the write-down of our analogue TV assets, in addition to $21.5 million less appropriations recognized due to our reduced operating expenses.

Net results for the first quarter of 2013–2014 amounted to a reported loss of $30.4 million. Included in this amount are items that do not currently generate or require funds from operations, as further explained below.

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

CBC/Radio-Canada defines Results on a Current Operating Basis as Net Results under IFRS, less the adjustments for non-cash expenses that will not require operating funds within one year and non-cash revenues that will not generate operating funds within one year. This measure is used by management to help monitor ongoing performance and to balance the Corporation's budget consistently with government funding for current expenditures. 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 period. Adjustments are also made for the depreciation and amortization of capital assets and the amortization of deferred capital funding as these are non-cash items. These adjustments are lower in the current year than in 2012–2013 because last year's amounts included higher depreciation, impairment, decommissioning, and capital funding due to the accelerated shutdown of analogue TV assets, the cessation of RCI shortwave, and other cost reduction initiatives. 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.

Beginning April 1, 2013, CBC/Radio-Canada was required to implement a revised accounting standard (IAS 19R – *Employee Benefits*). This new standard means that more non-cash pension-related expenses, which used to be presented in "Other Comprehensive Income/(Loss)", are now included in the "Net results for the period" within expenses.

	For the three months ended June 30		
(in thousands of Canadian dollars)	**2013**	**2012** (revised[1])	**% change**
Net results for the period	**(30,381)**	**(39,393)**	**22.9**
Items not generating or requiring funds from operations			
Employee future benefits	16,085	14,973	(7.4)
Depreciation, impairment and decommissioning expenses	32,564	65,511	50.3
Amortization of deferred capital funding	(27,856)	(55,435)	(49.8)
Other	8,998	10,459	14.0
Results on a current operating basis	**(590)**	**(3,885)**	**84.8**

[1] The amounts for 2012 have been revised as a result of the adoption of the revised accounting standard on pensions. See Note 2C, Adoption of New and Revised International Financial Reporting Standards of the condensed interim consolidated financial statements for more details.

Summary – Total Comprehensive Income

(in thousands of Canadian dollars)	For the three months ended June 30		
	2013	**2012** (revised[1])	**% change**
Net results for the period	**(30,381)**	**(39,393)**	**22.9**
Other comprehensive income	139,115	42,214	229.5
Total comprehensive income for the period	**108,734**	**2,821**	**N/M**

N/M = Not meaningful

[1] The amounts for 2012 have been revised as a result of the adoption of the revised accounting standard on pensions. See Note 2C, Adoption of New and Revised International Financial Reporting Standards of the condensed interim consolidated financial statements for more details.

In addition to pension costs included in net results, quarterly remeasurement gains on the Corporation's pension and other future employee benefit plans resulted in other comprehensive income of $139.1 million this quarter.

Impact of Revised Pension Accounting Standard

As a result of the revised accounting standard applied on April 1, 2013 (IAS 19R – *Employee Benefits*), changes were required to all periods presented in this report which increased the calculation of pension expense presented as part of net results. However, the funding valuation and contribution requirements of the Corporation necessary to meet its pension obligations were unchanged by the adoption of this revised accounting standard.

Under the revised standard, net results for the quarter ended June 30, 2013 include pension expense of $33.3 million. Results for the comparative quarter ended June 30, 2012 have been revised, resulting in pension expenses recognized of $31.5 million. This resulted in a reduction in net results for the quarter ended June 30, 2012 by $23.2 million, with a corresponding increase in other comprehensive income of $23.2 million.

For further information please refer to Note 2 – Significant Accounting Policies in the unaudited condensed interim consolidated financial statements for the three months ended June 30, 2013.

Revenue

(in thousands of Canadian dollars)	For the three months ended June 30		
	2013	**2012**	**% change**
Advertising			
English Services	76,134	74,818	1.8
French Services	32,129	31,291	2.7
	108,263	106,109	2.0
Specialty services			
CBC News Network	22,187	21,958	1.0
RDI	14,108	14,765	(4.4)
bold	-	1,048	N/M
Explora	701	237	195.8
documentary	1,590	1,521	4.5
ARTV	4,279	4,395	(2.6)
	42,865	43,924	(2.4)
Financing and other income			
English Services	14,173	12,750	11.2
French Services	9,269	10,623	(12.7)
Corporate Services	9,582	9,299	3.0
	33,024	32,672	1.1
TOTAL	**184,152**	**182,705**	**0.8**

N/M = Not meaningful

The following paragraphs explain the revenue increase of $1.4 million (0.8 per cent) in the first quarter of 2013–2014 compared to the same period last year.

Advertising

Advertising revenue increased by $2.2 million (2.0 per cent) compared to the first quarter of last year. For English Services, the increase of $1.3 million (1.8 per cent) was mainly due to more regular season *Hockey Night in Canada* games after the end of the NHL lockout. However, this was partly offset by a decrease in the number of playoff games compared to the first quarter last year.

French Services' advertising revenue increase of $0.8 million (2.7 per cent) compared to the same period last year was the result of new revenue-generating initiatives.

Specialty services

Specialty services revenue for the quarter was $1.1 million (2.4 per cent) lower than for the same period last year. No revenue was recognized for **bold** because the channel was sold on March 25, 2013. RDI subscriber revenue decreased by $0.7 million (4.4 per cent); however, this was partly offset by higher revenue from Explora. This new specialty service was launched on March 28, 2012, and was distributed free of charge during its first quarter of operations.

Financing and other income

Financing and other income remained relatively stable, increasing $0.4 million (1.1 per cent) over last year.

Contributions from the LPIF provided to English Services grew by $0.9 million, while French Services' share decreased by $1.1 million. Overall the contributions from LPIF decreased by $0.2 million. English Services also benefited from increased revenue from the CMF.

The increase of $0.3 million (3.0 per cent) in Corporate Services was mostly related to higher revenue from transmission rental.

Operating Expenses

(in thousands of Canadian dollars)	For the three months ended June 30		
	2013	**2012** (revised[1])	**% change**
Television, radio and new media services			
English Services	257,232	263,093	(2.2)
French Services	152,814	167,324	(8.7)
	410,046	430,417	(4.7)
Specialty services			
CBC News Network	14,849	16,908	(12.2)
RDI	10,529	11,115	(5.3)
bold	-	593	N/M
Explora	916	1,123	(18.4)
documentary	1,018	917	11.0
ARTV	3,377	3,384	(0.2)
	30,689	34,040	(9.8)
Transmission, distribution and collection	15,498	48,006	(67.7)
Corporate management	2,666	3,068	(13.1)
Payments to private stations	621	634	(2.1)
Finance costs	7,771	7,932	(2.0)
Loss on investment in associate	(291)	553	(152.6)
TOTAL	**467,000**	**524,650**	**(11.0)**

N/M = Not meaningful

[1] The amounts for 2012 have been revised as a result of the adoption of the revised accounting standard on pensions. See Note 2C, Adoption of New and Revised International Financial Reporting Standards of the condensed interim consolidated financial statements for more details.

The following paragraphs explain the quarterly decrease in operating expenses of $57.7 million (11.0 per cent) compared to the same period last year.

Television, radio and new media services

English Services' expenditures for the first quarter of 2013–2014 decreased by $5.9 million (2.2 per cent) compared to the same period last year. This was mainly due to severance costs incurred in the first quarter of last year as a result of cost reductions implemented following Federal Budget 2012.

French Services' decrease of $14.5 million (8.7 per cent) in expenditures was mainly due to initiatives that reduced programming costs and Radio Canada International (RCI) operating costs. French Services' lower expenditures this quarter were also partly a result of severance costs incurred in the first quarter of last year.

Specialty services

Specialty services' expenditures decreased by $3.4 million (9.8 per cent) compared to the same period last year. The decrease of $2.1 million (12.2 per cent) for CBC News Network was mainly due to lower programming and newsgathering spending in the first quarter of 2013−2014. The sale of **bold** decreased expenditures by $0.6 million.

Other operating expenses

Transmission, distribution and collection costs decreased by $32.5 million (67.7 per cent) compared to the same period last year. This is mainly due to the accelerated shutdown of our remaining analogue TV transmitters and the end of shortwave transmission of RCI programming resulting in additional depreciation, impairment charges and the recognition of decommissioning costs in the first quarter of 2012−2013. Operating costs also decreased in the current quarter as a result of these activities ceasing.

Corporate management expenses decreased slightly compared to the first quarter of last year, which had several one-time projects.

Government Funding

(in thousands of Canadian dollars)	For the three months ended June 30		
	2013	**2012**	**% change**
Parliamentary appropriations for operating expenditures	225,126	246,613	(8.7)
Parliamentary appropriations for working capital	1,000	1,000	-
Amortization of deferred capital funding	27,856	55,435	(49.8)
TOTAL	**253,982**	**303,048**	**(16.2)**

Parliamentary appropriations for operating expenditures decreased by $21.5 million (8.7 per cent) in the first quarter compared to the same period last year. Parliamentary appropriations are recognized based on expected needs according to forecasted revenues and forecasted expenditures for the period.

By fiscal year-end 2013−2014, the operating appropriation recognized as revenue is expected to be $956.9 million, a $42.6 million reduction compared to 2012−2013. This reflects our share of the funding reductions announced by the federal government in Federal Budget 2012.

Capital funding received is recorded as deferred capital funding. It is amortized and recognized as revenue over the same periods as the related property and equipment, and intangible assets are used in CBC/Radio-Canada's operations. The decrease of $27.6 million (49.8 per cent) in the first quarter compared to last year is mainly due to lower depreciation because our analogue television assets are fully depreciated.

Non-Operating Items

(in thousands of Canadian dollars)	For the three months ended June 30		
	2013	2012	% change
Net loss on disposal of property and equipment	(1,515)	(496)	(205.4)
Non-operating items	**(1,515)**	**(496)**	**205.4**

Non-operating losses were $1.5 million, compared to a $0.5 million loss in the first quarter last year, as a result of equipment disposals as the Corporation continues to replace old technology.

Total Comprehensive Income

(in thousands of Canadian dollars)	For the three months ended June 30		
	2013	2012 (revised[1])	% change
Net results for the period	**(30,381)**	**(39,393)**	**22.9**
Other comprehensive income			
Remeasurements of defined benefit plans	139,115	42,214	229.5
Total comprehensive income for the period	**108,734**	**2,821**	**N/M**

N/M = Not meaningful

[1] The amounts for 2012 have been revised as a result of the adoption of the revised accounting standard on pensions. See Note 2C, Adoption of New and Revised International Financial Reporting Standards of the condensed interim consolidated financial statements for more details.

Total other comprehensive income recognized in the first quarter was $139.1 million, compared to a gain of $42.2 million in the first quarter of the prior year, due to fluctuations in our pension plan's obligations and assets. These values fluctuate significantly when actual results or interest rates differ from actuarial assumptions. Quarterly remeasurements, which include actuarial gains and losses on the defined benefit obligation and the return on plan assets less the interest income included in net results, are immediately recognized in other comprehensive income in each reporting period.

Remeasurements on defined benefit plans led to an improvement in the Pension Plan net position this quarter of $139.1 million, calculated as follows:

- A higher discount rate applied to the pension obligation from 4.00 per cent to 4.50 percent, resulting in actuarial gains of $380.2 million on the pension plan. As expected under the plan's asset liability matching strategy, this was partially offset by:
- A $252.0 million loss on pension plan assets due to a negative return this quarter.

The $42.2 million in other comprehensive income for the first quarter of 2012–2013 was due primarily to gains on pension plan assets of $40.3 million resulting from an actual return on assets during the quarter of 1.8 per cent.

3.2 Financial Condition, Cash Flow and Liquidity

Our cash flows from operating, investing and financing activities for the first quarter ended June 30, 2013 are summarized in the following table. Our cash balance on June 30, 2013 was $64.0 million, compared to $51.5 million on March 31, 2013.

Cash Position

	For the three months ended June 30		
(in thousands of Canadian dollars)	**2013**	**2012**	**% change**
Cash - beginning of the period	**51,459**	**64,277**	**(19.9)**
Cash from operating activities	17,544	19,425	(9.7)
Cash used in financing activities	(25,763)	(25,696)	(0.3)
Cash from investing activities	20,658	14,506	42.4
Net change	12,439	8,235	51.1
Cash - end of the period	**63,898**	**72,512**	**(11.9)**

Cash from operating activities

Cash from operating activities was $17.5 million. This was nominally less than the $19.4 million generated in the same quarter last year due to normal fluctuations in working capital.

Cash used in financing activities

Cash used in financing activities was $25.8 million; it was $25.7 million in the first quarter of last year. Financing outflows consisted of interest payments of $14.4 million, and other obligations totalling $11.3 million related to semi-annual repayments of the Toronto Broadcasting Centre bonds, payments of notes payable and obligations under finance leases.

Cash from investing activities

Investing activities generated cash of $20.7 million this quarter, compared to $14.5 million in the first quarter of last year. Consistent with last year, $26.0 million was generated from parliamentary appropriations received for capital funding. The overall increase in cash from investing activities was largely due to the timing of capital purchases in the quarter. This quarter, we made capital purchases totalling $7.9 million, compared to purchases of $12.9 million in the first quarter of last year.

3.3 Outlook and Risk Update

Fiscal year 2013−2014 is the second year of our three-year financial plan announced on April 4, 2012 following the 2012 federal budget appropriation reduction of $115 million. The financial plan continues to be closely monitored and adjusted as required to continue to allow us to meet two key objectives: (i) maintain our capacity to fulfill our mandate under the *Broadcasting Act*, and (ii) continue to drive Strategy 2015 by delivering high-quality Canadian programming, enhancing our regional presence and local impact and investing more in digital platforms. Nonetheless, there are significant challenges ahead.

The success of the financial plan will depend heavily on the strength of the advertising market and our overall revenue performance. On May 28, 2013, the CRTC announced its decision to allow only limited advertising on CBC Radio 2 and Espace musique. We are currently assessing the impact of this decision; the shortfall compared to our plan will be managed through other measures.

Cost-containment measures announced in the 2010 Federal Budget included the elimination of salary inflation funding from 2010−2011 through to 2012−2013. This freeze is now over and we are expecting this funding to resume in 2013−2014, although the amount has not yet been confirmed by Treasury Board.

CBC's broadcast and digital rights contract with the NHL ends in June 2014. We are now negotiating the contract renewal for this flagship property.

A number of collective agreements must be re-negotiated between 2013 and 2014. Successful negotiations with our unions strengthen our business, brand and labour relations.

On August 1, 2012, the International Olympic Committee announced that we had been awarded the Canadian broadcast rights for the Sochi February 2014 Olympic Winter Games and the Rio August 2016 Olympic Summer Games. This will significantly increase both revenue and expenses in 2013−2014 and 2016−2017; we expect to at least break even on these premier international sporting events.

We expect our real estate portfolio to generate more revenue as we exit some buildings that we own to become tenants in more efficient and less-costly premises, or rent out vacant space in some of our other buildings. We are preparing the space for a new tenant that will be leasing approximately 168,000 square feet at the Toronto Broadcasting Centre. We have also begun the process to move from two owned buildings in Halifax into one rented facility. In June 2013, we initiated a Request for Proposals for redevelopment of our Montreal facility. Proponents must submit their bids by March 2014.

A full discussion of risks and mitigation strategies is included in our 2012−2013 Annual Report, supplemented by a discussion of changes to key risks in our quarterly reports, when applicable.

4. Financial Reporting Disclosure

4.1 Critical Accounting Estimates and Future Accounting Standards

For a description of future changes in accounting standards, see Note 2 of the condensed interim consolidated financial statements.

4.2 Transactions with Related Parties

The Corporation, through the normal course of business, is involved in transactions with related parties. See Note 17 of the condensed interim consolidated financial statements.

5. Statement of Management Responsibility by Senior Officials

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

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

Hubert T. Lacroix,

President and Chief Executive Officer

Suzanne Morris,

Vice-President and Chief Financial Officer

Ottawa, Canada
August 22, 2013

Condensed Interim Consolidated Statement of Financial Position (unaudited)

(Canadian $)

(in thousands of dollars)	June 30, 2013	March 31, 2013 (revised - NOTE 2)
ASSETS		
Current		
Cash	63,898	51,459
Trade and other receivables (NOTE 3)	197,024	184,470
Programming (NOTE 4)	157,518	145,379
Merchandising inventory	779	755
Prepaid expenses (NOTE 5)	102,435	137,563
Promissory notes receivable	2,191	2,154
Net investment in finance lease	2,432	2,387
Derivative financial instruments (NOTE 18)	696	629
Assets classified as held for sale (NOTE 6)	5,196	1,801
	532,169	**526,597**
Long-term		
Property and equipment (NOTE 6)	971,515	997,710
Intangible assets (NOTE 7)	18,443	17,563
Assets under finance lease	39,312	41,374
Promissory notes receivable	47,692	48,250
Net investment in finance lease	52,082	52,706
Deferred charges	13,448	9,509
Investment in associates (NOTE 8)	2,308	3,490
	1,144,800	**1,170,602**
TOTAL ASSETS	**1,676,969**	**1,697,199**
LIABILITIES		
Current		
Accounts payable and accrued liabilities (NOTE 9)	63,187	96,213
Provisions (NOTE 11)	52,227	51,296
Pension plans and employee-related liabilities (NOTE 10)	132,640	135,593
Bonds payable	15,509	20,578
Obligations under finance leases	10,962	10,906
Notes payable	6,675	7,960
Deferred revenues	10,044	8,982
Deferred appropriations for operating expenditures (NOTE 13)	47,910	-
Option liability	1,875	1,875
	341,029	**333,403**
Long-term		
Deferred revenues	9,307	9,039
Pension plans and employee-related liabilities (NOTE 10)	220,570	343,605
Bonds payable	270,918	277,008
Obligations under finance leases	41,652	44,447
Notes payable	110,003	113,049
Deferred capital funding (NOTE 13)	523,804	525,696
	1,176,254	**1,312,844**
Equity		
Retained earnings	159,065	50,392
Total equity attributable to the Corporation	**159,065**	**50,392**
Non-controlling interests	**621**	**560**
TOTAL EQUITY	**159,686**	**50,952**
TOTAL LIABILITIES AND EQUITY	**1,676,969**	**1,697,199**

Commitments (NOTE 16)

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

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

(Canadian $)

(in thousands of dollars)	Three months ended June 30	
	2013	2012
		(revised - NOTE 2)
REVENUE (NOTE 12)		
Advertising	108,263	106,109
Specialty services	42,865	43,924
Other income	30,862	30,325
Financing income	2,162	2,347
	184,152	**182,705**
EXPENSES		
Television, radio and new media services costs	410,046	430,417
Specialty services	30,689	34,040
Transmission, distribution and collection	15,498	48,006
Corporate management	2,666	3,068
Payments to private stations	621	634
Finance costs	7,771	7,932
Share of (profit) loss in associate	(291)	553
	467,000	**524,650**
Operating loss before Government funding and non-operating items	**(282,848)**	**(341,945)**
GOVERNMENT FUNDING (NOTE 13)		
Parliamentary appropriation for operating expenditures	225,126	246,613
Parliamentary appropriation for working capital	1,000	1,000
Amortization of deferred capital funding	27,856	55,435
	253,982	**303,048**
Results before non-operating items	**(28,866)**	**(38,897)**
NON-OPERATING ITEMS		
Loss on disposal of property and equipment	(1,515)	(496)
	(1,515)	**(496)**
Net results for the period	**(30,381)**	**(39,393)**
Net results attributable to:		
The Corporation	(30,442)	(39,466)
Non-controlling interests	61	73
	(30,381)	(39,393)

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

Condensed Interim Consolidated Statement of Comprehensive Income (unaudited)

(Canadian $)

(in thousands of dollars)	Three months ended June 30	
	2013	2012
		(revised - NOTE 2)
COMPREHENSIVE INCOME		
Net results for the period	(30,381)	(39,393)
Other comprehensive income - not subsequently reclassified to net results		
Actuarial gains on defined benefit plans	139,115	42,214
Total comprehensive income for the period	**108,734**	**2,821**
Total comprehensive income attributable to:		
The Corporation	108,673	2,748
Non-controlling interests	61	73
	108,734	2,821

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

Condensed Interim Consolidated Statement of Changes in Equity (unaudited)

(Canadian $)

(in thousands of dollars)	Three months ended June 30, 2013		
	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at March 31, 2013, as previously reported	50,162	560	50,722
Changes in period			
Change resulting from the retrospective application of a revised accounting standard (NOTE 2)	230	-	230
Net results for the period	(30,442)	61	(30,381)
Actuarial gain on post-retirement benefit plans	139,115	-	139,115
Total comprehensive income for the period	108,673	61	108,734
Balance at June 30, 2013	**159,065**	**621**	**159,686**

(in thousands of dollars)	Three months ended June 30, 2012		
	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at April 1, 2012, as previously reported	60,996	356	61,352
Changes in period			
Change resulting from the retrospective application of a revised accounting standard (NOTE 2)	306	-	306
Net results for the period (revised - NOTE 2)	(39,466)	73	(39,393)
Actuarial gain on post-retirement benefit plans (revised - NOTE 2)	42,214	-	42,214
Total comprehensive income for the period	2,748	73	2,821
Balance at June 30, 2012	**64,050**	**429**	**64,479**

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

Condensed Interim Consolidated Statement of Cash Flows (unaudited)

(Canadian $)

(in thousands of dollars)	Three months ended June 30	
	2013	2012
		(revised - NOTE 2)
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Net results for the period	(30,381)	(39,393)
Adjustments for:		
Loss on disposal of property and equipment	1,515	496
Interest revenue	(2,162)	(2,347)
Finance costs	7,771	7,932
Change in fair value of financial instruments designated as at fair value through profit and loss	(67)	(412)
Depreciation of property and equipment	28,801	47,210
Amortization of intangible assets	1,728	4,373
Depreciation of assets under finance lease	2,062	2,000
Impairment charge on property and equipment	-	6,540
Share of (profit) loss in associate	(291)	553
Change in deferred charges	(3,939)	(2,012)
Amortization of deferred capital funding	(27,856)	(55,435)
Change in deferred appropriations for operating expenditures	47,910	31,819
Change in deferred revenues [long-term]	51	105
Change in pension plans and employee-related liabilities [current]	11,578	13,072
Change in pension plans and employee-related liabilities [long-term]	16,079	14,973
Accretion of promissory notes receivable	(5)	(5)
Movements in working capital (NOTE 15)	(35,250)	(10,044)
	17,544	**19,425**
FINANCING ACTIVITIES		
Repayment of obligation under finance lease	(2,738)	(2,543)
Repayment of bonds	(5,656)	(5,253)
Repayment of notes	(2,930)	(2,797)
Interest paid	(14,439)	(15,103)
	(25,763)	**(25,696)**
INVESTING ACTIVITIES		
Parliamentary appropriations for capital funding (NOTE 13)	25,964	25,569
Acquisition of property and equipment	(7,912)	(12,920)
Acquisition of intangible assets	(2,748)	(1,533)
Proceeds from disposal of property and equipment	536	40
Collection of promissory notes receivable	518	482
Collection of finance lease receivables	549	511
Dividend received	1,473	-
Interest received	2,278	2,357
	20,658	**14,506**
Change in cash	**12,439**	**8,235**
Cash, beginning of the period	**51,459**	**64,277**
Cash, end of the period	**63,898**	**72,512**

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, 2013 (unaudited)

(Canadian $)

1. General Information

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

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

These condensed interim consolidated financial statements have been authorized for issuance by the Board of Directors on August 22, 2013.

2. Significant Accounting Policies

A. Statement of Compliance

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

B. Basis of Preparation

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

These interim consolidated financial statements are presented on a condensed basis as permitted by IAS 34 and therefore do not include all disclosures that would otherwise be required in a full set of financial statements. These condensed interim consolidated financial statements are intended to provide an update on the latest complete set of audited annual financial statements for the year ended March 31, 2013. Accordingly, they should be read in conjunction with the audited annual consolidated financial statements. The accounting policies used in the preparation of these condensed interim consolidated financial statements are consistent with those disclosed in the Corporation's last audited annual consolidated financial statements, except for the changes in accounting policies discussed in Note 2C.

2. Significant Accounting Policies (Continued)

Key Sources of Estimation Uncertainty and Critical Judgments

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

Estimates are regularly reviewed by management and changes in those estimates are recognized prospectively by including them in the Condensed Interim Consolidated Statement of Income (Loss) in the period of the change, if the change affects that period only; or the period of the change and future periods, if the change affects both. Actual results could significantly differ from those estimates. Similarly, critical judgments are reassessed at each reporting date.

There have been no changes to the key estimates or critical judgments disclosed in the Corporation's last audited annual consolidated financial statements, except for the following items:

- The Corporation is no longer required to estimate the expected return on pension plan assets due to the adoption of revised accounting standards, as discussed in Note 2C.
- The Corporation consolidates the CBC Monetization Trust and the Broadcast Centre Trust, as it judges that it controls these investees, as defined in IFRS 10. While the judgments regarding these investees has changed as a result of adopting IFRS 10, there was no impact on the Corporation's consolidated financial statements, as disclosed in Note 2C.

C. Adoption of New and Revised International Financial Reporting Standards

The following new pronouncements issued by the IASB or the IFRS Interpretations Committee were adopted by the Corporation effective April 1, 2013. These new standards and amendments affected amounts reported, the presentation of balances or related disclosure in the condensed interim consolidated financial statements as at and for the quarter ended June 30, 2013 as follows.

Amendments to IAS 19 Employee Benefits (IAS 19 R)

IAS 19 *Employee Benefits* was amended in June 2011 to eliminate the option to defer the recognition of gains and losses, to amend the presentation of changes in the defined benefit pension obligation and plan assets on the Statement of Comprehensive Income, to require the net interest to be calculated by using a high quality corporate bond yield, as well as to improve disclosure about the risks arising from defined benefit plans.

The impact of adopting these amendments primarily result from changes to the computation of net interest income on pension plan assets, which is now based on the same discount rate used to measure the pension obligation as opposed to the expected return on plan assets historically used under the previous standard. Also contributing to the impact on the Corporation's net results, albeit to a lesser extent is the new requirement to record all administrative fees, other than those incurred for managing

2. Significant Accounting Policies (Continued)

plan assets, immediately in the income statement. For additional details on the nature of these amendments, refer to Note 2 to the Corporation's year-end financial statements.

Specific transitional provisions are applicable to first-time application of IAS 19 R. The Corporation has applied the relevant transitional provisions and revised the comparative amounts on a retrospective basis (see the table below for details).

Consolidated statement of income (loss)

For the three months ended June 30, 2012 *(in thousands of dollars)*	**As previously reported**	**IAS 19 R effects**	**Revised**
REVENUE	182,705	-	182,705
EXPENSES			
Television, radio and new media service costs	409,978	20,199	430,177
Specialty services	32,191	2,089	34,280
Transmission, distribution and collection	47,310	696	48,006
Corporate management	2,836	232	3,068
Payments to private stations	634	-	634
Finance costs	7,932	-	7,932
Share of loss in associate	553	-	553
	501,434	23,216	524,650
GOVERNMENT FUNDING	303,048	-	303,048
NON-OPERATING ITEMS	(496)	-	(496)
NET RESULTS FOR THE PERIOD	**(16,177)**	**(23,216)**	**(39,393)**

Consolidated statement of comprehensive income

For the three months ended June 30, 2012 *(in thousands of dollars)*	**As previously reported**	**IAS 19 R effects**	**Revised**
COMPREHENSIVE INCOME			
Net results for the period	(16,177)	(23,216)	(39,393)
Other comprehensive income - not subsequently reclassified to net results			
Actuarial gains on defined benefit plans	18,998	23,216	42,214
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**2,821**	**-**	**2,821**

2. Significant Accounting Policies (Continued)

Consolidated statement of financial position

As at March 31, 2013 *(in thousands of dollars)*	**As previously reported**	**IAS 19 R effects**	**Revised**
LIABILITIES			
Current			
Pension plans and employee-related liabilities	135,593	-	135,593
Long-term			
Pension plans and employee-related liabilities	343,835	(230)	343,605
EQUITY			
Retained earnings	50,162	230	50,392
NON-CONTROLLING INTERESTS			
TOTAL LIABILITIES AND EQUITY	**1,697,199**	**-**	**1,697,199**

IFRS 13 Fair Value Measurement

IFRS 13 defines fair value, sets out a single framework for measuring fair value and requires disclosures about fair value measurements. It applies to IFRS that require or permit fair value measurements or disclosures about fair value measurement. The Standard requires increased disclosure, specifically related to the disclosure of the hierarchy levels for financial assets and liabilities not measured at fair value and the related disclosures about how those fair values are calculated.

The Corporation has applied this standard on a prospective basis, effective April 1, 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in IFRS 13 in comparative information provided for periods before the initial application of this Standard. In accordance with these transitional provisions, the Corporation has not made new disclosures required by IFRS 13 for the 2012 comparative period (please see Note 18 for the current period disclosures). Other than the additional disclosures, the application of IFRS 13 has not resulted in any impact on the Corporation's consolidated financial statements.

Amendments to IAS 1 Presentation of financial statements

The Corporation has applied the amendments to IAS 1 *Presentation of Items of Other Comprehensive Income* for the first time in the current period. IAS 1 was amended in June 2011 to revise the way other comprehensive income is presented: requiring separate subtotals for those elements which may be "recycled" through profit and loss (e.g. cash-flow hedging, foreign currency translation), and those elements that will not (e.g. fair value through other comprehensive income items under IFRS 9). The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either single statement or in two separate but consecutive statements. The Corporation has added the required disclosures related to other comprehensive income and retained the two statement approach.

2. Significant Accounting Policies (Continued)

Other Standards Adopted

The following new standards and amendments were adopted effective April 1, 2013. Their adoption did not have a significant impact on the condensed interim consolidated financial statements:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 28 Investments in Associates and Joint Ventures
- Amendments to IFRS 10, IFRS 11 and IFRS 12 – Transition Guidance
- Annual Improvements to IFRSs 2009−2011 Cycle Issued in May 2012

For additional details on the nature of these amendments, refer to Note 2 to the Corporation's year-end financial statements.

D. Future Accounting Changes

The following standards and interpretations issued by the IASB are not yet effective and are currently being reviewed by management:

IFRS 9 Financial Instruments

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

Amendments to IAS 36 Impairment of Assets

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

3. Trade and Other Receivables

(in thousands of dollars)	**June 30, 2013**	**March 31, 2013**
Trade receivables	186,005	171,542
Allowance for doubtful accounts	(3,676)	(3,627)
Other	14,695	16,555
	197,024	**184,470**

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

Before accepting new customers, the Corporation reviews the credit application submitted by the customer. An external credit scoring agency may be used to assess the potential customer's credit quality and define credit limits by customer. Limits and scoring attributed to customers are reviewed at least once a year to determine whether adjustments are required. In addition, the Corporation monitors its customers throughout the year for any indications of deterioration in credit quality.

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

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

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

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

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

(in thousands of dollars)	**June 30, 2013**	**March 31, 2013**
31 - 60 days	45,964	37,359
61 - 90 days	28,727	17,392
Over 90 days	30,927	22,594
Total	**105,618**	**77,345**

3. Trade and Other Receivables (Continued)

B. Movement in Allowance for Doubtful Accounts

(in thousands of dollars)	**June 30, 2013**	**March 31, 2013**
Balance at beginning of the year	(3,627)	(1,979)
Amounts written off during the period as uncollectible	257	536
Impairment losses reversed	184	384
Increase in allowance for new impairments	(490)	(2,568)
Balance at end of the period	**(3,676)**	**(3,627)**

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

4. Programming

A. Programming by Category

(in thousands of dollars)	**June 30, 2013**	**March 31, 2013**
Programs completed	61,751	80,015
Programs in process of production	71,708	38,978
Broadcast rights available for broadcast	24,059	26,386
	157,518	**145,379**

B. Movement in Programming

(in thousands of dollars)	**June 30, 2013**	**March 31, 2013**
Opening balance	145,379	166,104
Additions	302,382	1,041,480
Programs Broadcast	(290,243)	(1,062,205)
	157,518	**145,379**

Programming includes amounts for television programs including specialty services.

The programming write-offs for the three months ended June 30, 2013, amount to $1.6 million (2012 – $0.5 million). Programming write-offs are mainly due to terminated projects, programs not telecasted in the past two years, programming not suitable for telecast or pilots not progressing into a series.

5. Prepaid expenses

(in thousands of dollars)	**June 30, 2013**	**March 31, 2013**
Programming rights	72,225	105,605
Service agreements	30,210	31,958
	102,435	**137,563**

6. Property and Equipment

A. Cost , Accumulated Depreciation and Impairment Charges

The property and equipment carrying amounts are as follows:

(in thousands of dollars)	**June 30, 2013**	**March 31, 2013**
Cost	2,193,599	2,211,720
Accumulated depreciation and impairment charges	(1,222,084)	(1,214,010)
	971,515	**997,710**

6. Property and Equipment (Continued)

(in thousands of dollars)	**Land**	**Buildings**	**Leasehold improvements**	**Technical equipment**	**Other**	**Uncompleted capital projects**	**Total**
Cost at March 31, 2013	179,630	542,901	52,866	1,274,106	138,738	23,479	**2,211,720**
Additions	-	-	-	2,757	503	4,652	**7,912**
Transfers (refer to Note 7)	-	1,244	159	6,322	723	(8,308)	**140**
Assets classified as held for sale	(3,311)	(287)	-	-	-	-	**(3,598)**
Disposals and write-offs	-	(145)	-	(19,449)	(2,981)	-	**(22,575)**
Cost at June 30, 2013	**176,319**	**543,713**	**53,025**	**1,263,736**	**136,983**	**19,823**	**2,193,599**
Accumulated depreciation and impairment charges at March 31, 2013	(423)	(146,971)	(23,910)	(940,444)	(102,262)	-	**(1,214,010)**
Depreciation for the period	-	(8,703)	(761)	(16,151)	(3,186)	-	**(28,801)**
Reverse depreciation on assets classified as held for sale	-	157	-	-	-	-	**157**
Reverse depreciation on disposals	-	45	-	17,548	2,977	-	**20,570**
Accumulated depreciation and impairment charges at June 30, 2013	**(423)**	**(155,472)**	**(24,671)**	**(939,047)**	**(102,471)**	**-**	**(1,222,084)**
Net carrying amount at June 30, 2013	**175,896**	**388,241**	**28,354**	**324,689**	**34,512**	**19,823**	**971,515**

6. Property and Equipment (Continued)

(in thousands of dollars)	Land	Buildings	Leasehold improvements	Technical equipment	Other	Uncompleted capital projects	Total
Cost at April 1, 2012	181,200	525,009	46,888	1,287,700	139,325	35,000	**2,215,122**
Additions	-	18,737	3,794	54,143	9,111	18,998	**104,783**
Transfers (refer to Note 7)	4	11,463	2,748	14,198	1,891	(30,473)	**(169)**
Asset classified as held for sale	(980)	(5,837)	-	(3,469)	(2,367)	-	**(12,653)**
Disposals and write-offs	(594)	(6,471)	(564)	(78,466)	(9,222)	(46)	**(95,363)**
Cost at March 31, 2013	**179,630**	**542,901**	**52,866**	**1,274,106**	**138,738**	**23,479**	**2,211,720**
Accumulated depreciation at April 1, 2012	-	(118,928)	(21,249)	(926,896)	(100,061)	-	**(1,167,134)**
Depreciation for the year	-	(35,761)	(3,011)	(86,091)	(13,030)	-	**(137,893)**
Impairment charges	(423)	-	-	(6,117)	(446)	-	**(6,986)**
Reverse depreciation on asset classified as held for sale	-	5,297	-	3,423	2,366	-	**11,086**
Reverse depreciation on disposals	-	2,421	350	75,237	8,909	-	**86,917**
Accumulated depreciation and impairment charges at March 31, 2013	**(423)**	**(146,971)**	**(23,910)**	**(940,444)**	**(102,262)**	**-**	**(1,214,010)**
Net carrying amount at March 31, 2013	**179,207**	**395,930**	**28,956**	**333,662**	**36,476**	**23,479**	**997,710**

The contractual commitments for the acquisition of property and equipment are $19.2 million as at June 30, 2013 (March 31, 2013 – $8.3 million).

B. Impairment

There were no indicators of impairment during the current quarter and as such, no impairment expense was recorded.

During the first quarter of last year, an impairment charge of $6.5 million was recorded in relation to the cessation of shortwave transmission of RCI programming. An additional depreciation expense of $19.6 million was recorded in the Corporation's Statement of Income (Loss) related to the accelerated shutdown of the remaining analogue television transmitters.

6. Property and Equipment (Continued)

C. Assets Classified as Held For Sale

With the increased requirements for high-definition broadcasting, the Corporation no longer utilizes one of its standard-definition mobile units. As such, the Corporation has listed this unit for sale and intends to dispose of it within the next twelve months. This mobile unit has a net carrying amount of $0.2 million at June 30, 2013 (March 31, 2013 – $0.2 million).

As part of the Corporation's financial plan, it has developed a strategy to reduce ownership in land and buildings. As part of this initiative, a property located in Iqaluit, Nunavut is classified as held for sale for accounting purposes. This land has a carrying amount of $0.5 million as at June 30, 2013 (March 31, 2013 – $0.5 million) and is expected to be sold in the next twelve months.

The Corporation has also classified as held for sale 57 transmission sites no longer required following the end of TV analogue transmission. These sites have a net carrying amount of $1.0 million as at June 30, 2013 (March 31, 2013 – $1.0 million) and are expected to be sold on a site by site basis following a general public offer.

The Corporation has also classified as held for sale a building and land in Halifax, Nova Scotia, with the intent of consolidating its media operations for English and French Services by integrating all Radio, TV and New Media facilities into a new location. This property has a net carrying amount of $3.4 million as at June 30, 2013 and is expected to be sold in the next twelve months.

7. Intangible Assets

The intangible assets carrying amounts are as follows:

(in thousands of dollars)	**June 30, 2013**	**March 31, 2013**
Cost	158,533	155,925
Accumulated amortization	(140,090)	(138,362)
	18,443	**17,563**

(in thousands of dollars)	**Internally developed software**	**Acquired software**	**Uncompleted capital projects**	**Total**
Cost at March 31, 2013	139,316	14,316	2,293	**155,925**
Additions	-	28	2,720	**2,748**
Transfers (refer to Note 6)	489	501	(1,130)	**(140)**
Disposals	-	-	-	**-**
Cost at June 30, 2013	**139,805**	**14,845**	**3,883**	**158,533**
Accumulated amortization at March 31, 2013	(134,328)	(4,034)	-	**(138,362)**
Amortization for the period	(999)	(729)	-	**(1,728)**
Reverse amortization on disposals	-	-	-	**-**
Accumulated amortization at June 30, 2013	**(135,327)**	**(4,763)**	**-**	**(140,090)**
Net carrying amount as at June 30, 2013	**4,478**	**10,082**	**3,883**	**18,443**

7. Intangible Assets (Continued)

(in thousands of dollars)	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost at March 31, 2012	138,331	10,596	1,880	**150,807**
Additions	1,236	2,542	2,191	**5,969**
Transfers (refer to Note 6)	769	1,178	(1,778)	**169**
Disposals	(1,020)	-	-	**(1,020)**
Cost at March 31, 2013	**139,316**	**14,316**	**2,293**	**155,925**
Accumulated amortization at March 31, 2012	(120,822)	(1,550)	-	**(122,372)**
Amortization for the year	(14,526)	(2,484)	-	**(17,010)**
Reverse amortization on disposals	1,020	-	-	**1,020**
Accumulated amortization at March 31, 2013	**(134,328)**	**(4,034)**	**-**	**(138,362)**
Net carrying amount as at March 31, 2013	**4,988**	**10,282**	**2,293**	**17,563**

8. Investment in Associates

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

	Ownership interest as at:		**Carrying value as at:**	
(in thousands of dollars)	**June 30, 2013**	**March 31, 2013**	**June 30, 2013**	**March 31, 2013**
Sirius - Class B	14%	14%	2,291	3,473
Other	-	-	17	17
	-	-	**2,308**	**3,490**

The Corporation holds a 14.4 per cent equity interest and a 24.1 per cent voting interest in Sirius XM Canada Holdings Inc. (Sirius XM) through its investment in Class B Voting Shares. This investment was obtained as part of a merger transaction involving Sirius Canada Inc. (Sirius), an investee previously accounted for under the equity method, and Canadian Satellite Radio Holdings Inc. (CSR) that closed in June 2011. Given that the Corporation’s voting interest exceeds 20 per cent and that it holds the power to participate in the financial and operating policy decisions of Sirius XM through board representation and through its ongoing business relationship with Sirius XM, the Corporation judges that it has significant influence over Sirius XM. As such, the Corporation applies equity accounting to its investment in the Sirius XM Class B shares.

8. Investment in Associates (Continued)

On January 15, 2013, CSR officially changed its name to Sirius XM Canada Holdings Inc.

In November 2012, Sirius XM announced the initiation of quarterly dividends as well as a special dividend to be paid out to all holders of Class A and Class B shares. For the three months ended June 30, 2013, the Corporation received dividends from Sirius XM totalling $1.4 million (2012 – nil).

The following tables present the summarized financial information for Sirius XM:

(in thousands of dollars)	**June 30, 2013[1]**	**June 30, 2012[2]**
Revenue	73,686	64,718
Net income	776	(4,189)

[1]Amounts for the quarter ended June 30, 2013, include Sirius XM results for the 3-month period ended May 31, 2013.
[2]Amounts for the quarter ended March 31, 2012, include results for CSR for the 3-month period ended May 31, 2012.

(in thousands of dollars)	**June 30, 2013[1]**	**March 31, 2013[2]**
Assets	389,462	393,010
Liabilities	373,639	369,007

[1]These amounts reflect the Sirius XM balances as at May 31, 2013.
[2]These amounts reflect the Sirius XM balances as at February 28, 2013.

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

9. Accounts Payable and Accrued Liabilities

(in thousands of dollars)	**June 30, 2013**	**March 31, 2013**
Trade payables	20,468	34,729
Accruals	40,903	58,553
Other	1,816	2,931
	63,187	**96,213**

10. Pension Plans and Employee-Related Liabilities

Employee-related liabilities are as follows:

	Current		Long-term	
(in thousands of dollars)	June 30, 2013	March 31, 2013 (revised)	June 30, 2013	March 31, 2013 (revised)
Accrued pension benefit liability	-	-	76,795	193,329
Employee future benefits	-	-	143,630	150,126
Vacation pay	64,006	58,237	-	-
Workforce reduction	11,899	11,898	-	-
Salary-related liabilities	56,735	65,458	145	150
	132,640	**135,593**	**220,570**	**343,605**

The Corporation maintains a contributory defined benefit pension plan, the CBC/Radio-Canada Pension Plan, covering substantially all employees of the Corporation. The Plan is administered by the CBC Pension Board of Trustees, including the management of the Plan's assets and the payment of benefits promised to Plan members and their survivors. The Plan is federally regulated and is governed by the provisions of the *Pension Benefits Standards Act* (the Act), and other applicable regulations.

Retirement benefits are based on the length of pensionable service and on the average of the best five consecutive years of pensionable salary in the last 10 years of employment. Employees are required to contribute a percentage of their pensionable salary to the plan, with the Corporation providing the balance of the funding, as required, based on actuarial valuations. The Corporation also maintains unfunded non-contributory defined benefit pension arrangements. All plans are subject to an annual actuarial valuation. The amounts included in these financial statements reflect the latest funding valuation which was performed as of December 31, 2012.

The Corporation maintains a non-contributory long-term benefit plan for certain employees hired prior to the various plan closure dates which vary by category of employees between April 1, 2005 and October 1, 2007. Under the plan, employees retiring with more than three years of service with the Corporation can choose to receive a cash award upon retirement or improve their pension benefits. The benefits are based on the length of pensionable service and on the salary rate at March 2005, July 2005 or at retirement/death, depending on the category of employees. The Corporation also provides employee future benefits such as long-term disability and workers' compensation, continuation of benefits coverage for employees on long-term disability and post-retirement life insurance.

The last actuarial valuations for the non-contributory long-term benefit plan and the continuation of benefits coverage plan were made as at December 31, 2012. The measurement date for the pension plan assets and the defined benefit obligation is June 30, 2013.

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

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

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

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

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

The Plan conducts a formal asset/liability study periodically to review the risk/reward associated with the existing long-term asset mix policy, analyze the risk/reward profile that would result from alternative asset mix policies, and consider the impact of various economic environments on both the assets and liabilities (pension obligations).

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

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

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

Assumptions – annual rates	**June 30, 2013**	**March 31, 2013**
Assumptions for the calculation of pension benefit costs:		
Discount rate	4.00%	4.25%
Assumptions for the calculation of the benefit obligation:		
Discount rate - pension	4.50%	4.00%
Discount rate - employee termination benefit	4.00%	3.50%
Discount rate – LTD benefit	4.00%	3.50%
Discount rate – post-employment benefit	4.25%	3.75%
Long-term rate of compensation increase, excluding merit and promotion	1.50% in 2013 & 2.75% thereafter	1.50% in 2013 & 2.75% thereafter
Health care cost trend rate	8.00% in 2013 declining to 4.50% over 15 years	8.00% in 2013 declining to 4.50% over 15 years
Indexation of pensions in payment	1.65%	1.65%

Significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, expected salary increase, indexation of pensions and health care cost trend rates.

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

	June 30, 2013
Present value of defined benefit obligation if:	
The discount rate is 100 basis point higher	-12.6%
The discount rate is 100 basis point lower	16.1%
Expected rate of future salary increase is 1.00% higher	2.8%
Expected rate of future salary increase is 1.00% lower	-2.4%
Expected rate of future pension increase is 1.00% higher	12.8%
Expected rate of future pension increase is 1.00% lower	-10.7%
Health care cost trend rate is 1.00% higher	0.7%
Health care cost trend rate is 1.00% lower	-0.7%

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

An asset/liability study is performed periodically to review the risk/reward associated with the existing long-term asset mix policy, analyze the risk/reward profile that would result from alternative asset mix policies, and consider the impact of various economic environments on both the assets and liabilities (pension obligations). The most recent asset/liability study was completed in 2012. Its main findings are summarized below:

- Maintain the value of the Plan's Liability Driven Investment (LDI)[1] strategy that focuses on reducing the interest rate and inflation risk mismatch between the Plan's assets and liabilities
- Update the LDI asset mix policy to include a market sensitive implementation plan to redistribute some assets towards strategic investments
- Reduce the amount of interest rate hedging, and
- Increase the amount of return generating assets with higher return potential, such as equities, private investments and real estate.

[1] [illegible]

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

The Plan will be implementing these asset mix changes based on ongoing market and economic analysis.

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 contribution rate for full-time employees from January 1, 2013 to June 30, 2013 was 5.53% (5.07% in 2012) of earnings up to the maximum public pension plan earnings of $51,100 ($50,100 in 2012) and 7.27% (6.67% in 2012) of earnings in excess of such maximum. The Corporation provides the balance of the funding, as required, based on actuarial valuations.

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

(in thousands of dollars)	**June 30, 2013**	**June 30, 2012**
Benefits paid directly to beneficiaries	3,336	3,466
Employer regular contributions to pension benefit plans	13,855	15,298
Total cash payments for defined benefit plans	**17,191**	**18,764**

The maturity profile of the benefit plan obligation and other post-employment benefits for the Corporation is as follows:

	Pension plans		**Other post-employment plans**	
	June 30, 2013	**June 30, 2012**	**June 30, 2013**	**June 30, 2012**
Average duration of the benefit obligation	14.4 years	14.2 years	8.3 years	9.0 years
Active members	20.8 years	20.4 years	8.4 years	9.2 years
Deferred members	18.5 years	21.8 years	n/a	n/a
Retired members	10.1 years	10.0 years	6.7 years	6.8 years

The Corporation expects to make a contribution of $59.6 million to the defined benefit pension plans during the next financial year.

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

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

	June 30, 2013			March 31, 2013 (revised)		
(in thousands of dollars)	**Funded pension plan**	**Unfunded pension plans**	**Other post-employment plans**	**Funded pension plan**	**Unfunded pension plans**	**Other post-employment plans**
Benefit obligation	5,146,007	81,533	143,630	5,500,267	86,546	150,126
Fair value of plan assets	5,150,745	-	-	5,393,484	-	-
Net liability (asset) arising from defined benefit obligation	**(4,738)**	**81,533**	**143,630**	**106,783**	**86,546**	**150,126**

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

	June 30, 2013		March 31, 2013 (revised)	
(in thousands of dollars)	**Pension plans**	**Other post-employment plans**	**Pension plans**	**Other post-employment plans**
Opening defined benefit obligation	5,586,813	150,126	5,266,627	156,917
Current service cost	27,481	1,316	101,558	7,707
Interest cost	55,308	1,250	221,695	6,332
Contributions from employees	8,940	-	44,452	-
Remeasurement (gains)/losses:				
Actuarial gains arising from changes in demographic assumptions	-	-	-	(534)
Actuarial (gains) and losses arising from changes in financial assumptions	(379,755)	(5,726)	193,975	4,740
Actuarial (gains) and losses arising from experience adjustments	(5,896)	-	18,913	(11,173)
Benefits paid	(65,351)	(3,336)	(260,407)	(13,863)
Closing defined benefit obligation	**5,227,540**[1]	**143,630**	**5,586,813**[2]	**150,126**

[1]The accrued benefit obligations for the funded plan and for the unfunded plans are $5,146,007 and $81,533 respectively.
[2]The accrued benefit obligations for the funded plan and for the unfunded plans are $5,500,267 and $86,546 respectively.

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

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

(in thousands of dollars)	**June 30, 2013** Pension plans	**June 30, 2013** Other post-employment plans	**March 31, 2013 (revised)** Pension plans	**March 31, 2013 (revised)** Other post-employment plans
Opening fair value of plan assets	5,393,484	-	5,090,814	-
Administration fees (other than investment management fees)	(1,325)	-	(5,020)	
Remeasurement gains (losses):				
Return on plan assets	53,122	-	213,334	-
Actuarial gains and (losses) arising from experience adjustments	(251,980)	-	249,121	-
Contributions from employees	8,940	-	44,452	-
Contributions from the Corporation	13,855	3,336	61,190	13,863
Benefits paid	(65,351)	(3,336)	(260,407)	(13,863)
Closing fair value of plan assets	**5,150,745**	**-**	**5,393,484**	**-**

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

The fair value of the plan assets can be allocated to the following categories:

		June 30, 2013			March 31, 2013		
	(in thousands of dollars)	Quoted market price in an active market	Not quoted market price in an active market	Total	Quoted market price in an active market	Not quoted market price in an active market	Total
Fixed income	Cash and short-term investments	-	252,420	252,420	-	186,174	186,174
	Canadian bonds	-	2,333,311	2,333,311	-	2,467,601	2,467,601
Equities	Canadian	302,034	238,911	540,945	314,784	248,969	563,753
	Global	1,135,268	124,777	1,260,045	1,036,517	229,597	1,266,114
Strategic	Property	36,654	387,631	424,285	40,937	378,529	419,466
	Private investments	-	324,853	324,853	-	326,321	326,321
	Hedge Funds	-	129,330	129,330	-	129,852	129,852
Other	Derivatives	-	(125,519)	(125,519)	-	14,441	14,441
	Fair value of plan assets	**1,473,956**	**3,665,714**	**5,139,670**	**1,392,238**	**3,981,484**	**5,373,722**

The fair values of the above fixed income and equity instruments are determined based on quoted market prices in active markets whereas the fair values of strategic investments and derivatives are not based on quoted market prices in active markets.

The actual return on plan assets was ($198.9) million (March 31, 2013 – $462.5 million).

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

(in thousands of dollars)	June 30, 2013	June 30, 2012 (revised)
Current service cost	28,797	27,317
Administration fees (other than investment management fees)	1,325	1,255
Net interest expense	56,558	57,007
Return on plan assets	(53,122)	(53,334)
Actuarial gains recognized in net results	(282)	(715)
Expense recognized in net results	33,276	31,530
Plus:		
Actuarial gains recognized in other comprehensive income	(139,115)	(42,214)
Total amounts recognized in comprehensive income	**(105,839)**	**(10,684)**

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

The cumulative actuarial gains recognized in Other Comprehensive Income represent $115.2 million as at June 30, 2013 (March 31, 2013 losses – $23.9 million).

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

(in thousands of dollars)	**June 30, 2013**	**June 30, 2012 (revised)**
Television, radio and new media services costs	30,172	27,986
Specialty services	1,847	2,377
Transmission, distribution and collection	943	875
Corporate management	314	292
Total	**33,276**	**31,530**

11. Provisions

	June 30, 2013				
			Restructuring costs		
(in thousands of dollars)	Claims and legal proceedings	Environmental	Workforce reduction	Decommissioning	Total
Balance, beginning of year	45,408	260	1,235	4,393	51,296
Additional provisions recognized	2,645	490	-	-	3,135
Increases due to accretion	-	-	-	21	21
Provisions utilized	-	-	(1,235)	(517)	(1,752)
Reductions resulting from re-measurement or settlement without cost	(473)	-	-	-	(473)
Balance, end of period	**47,580**	**750**	**-**	**3,897**	**52,227**

	March 31, 2013				
			Restructuring costs		
(in thousands of dollars)	Claims and legal proceedings	Environmental	Workforce reduction	Decommissioning	Total
Balance, beginning of year	38,762	300	-	-	39,062
Additional provisions recognized	19,193	175	15,469	6,658	41,495
Increases due to accretion	-	-	-	119	119
Provisions utilized	(7,965)	(210)	(13,897)	(1,534)	(23,606)
Reductions resulting from re-measurement or settlement without cost	(4,582)	(5)	(337)	(850)	(5,774)
Balance, end of period	**45,408**	**260**	**1,235**	**4,393**	**51,296**

11. Provisions (Continued)

A. Restructuring costs

The Corporation's restructuring provisions as at June 30, 2013, consist of decommissioning work associated with the shutdown of both analogue television and shortwave transmission services. Work associated with the provision of $3.9 million (March 31, 2013 – $4.4 million) is expected to continue for the next 3 years.

As at June 30, 2013, given that there are no material amounts subject to uncertainty, the Corporation has not recorded any provisions related to workforce reductions (March 31, 2013 – $1.2 million). All amounts related to workforce reductions at June 30, 2013 are included in employee-related liabilities.

B. Claims and legal proceedings

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

Litigation is subject to many uncertainties and the outcome of individual matters is not always predictable. Claims that are uncertain in terms of the outcome or potential outflow or that are not measurable are considered to be a contingency and are not recorded in the Corporation's consolidated financial statements. At June 30, 2013, the Corporation had provisions amounting to $47.6 million (March 31, 2013 – $45.4 million) in respect of legal claims. All matters are classified as current as where estimable the Corporation expects them to be resolved within 12 months.

C. Environmental liabilities

At June 30, 2013, the Corporation had provisions totalling $0.8 million for one environmental matter (March 31, 2013 – $0.3 million for one matter). Remediation work is required at the Corporation's Mont Logan property to clean-up oil contaminants found in ground samples from the site's former transmission tower and associated building. The total costs associated with remediation work at this site have been estimated at $0.8 million. This matter is subject to ministry approvals and other environmental reviews. A significant portion of the work is expected to be completed during the second quarter of the current fiscal year, although the project may require up to 6 years to complete.

D. Contingencies

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

12. Revenue

The Corporation recognized revenue from the following sources:

(in thousands of dollars)	**June 30, 2013**	**June 30, 2012**
Advertising	108,263	106,109
Building, tower, facility and service rentals	9,999	9,715
Production revenue	2,834	3,414
Digital programming	3,091	2,908
Retransmission rights	761	750
Program sponsorship	1,176	841
Other services	929	626
Total Rendering of services	**127,053**	**124,363**
Total Specialty Services	**42,865**	**43,924**
Total Financing income	**2,162**	**2,347**
Contribution from the Local Programming Improvement Fund (LPIF)	10,388	10,602
Contra revenues other than advertising	1,214	930
Gain on foreign exchange rates	223	122
Net gain from fair value of financial instruments	247	417
Total Revenue	**184,152**	**182,705**

13. Government Funding

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

(in thousands of dollars)	**June 30, 2013**	**June 30, 2012**
Operating funding	273,036	278,432
Capital funding	25,964	25,569
Working capital funding	1,000	1,000
	300,000	**305,001**

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

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

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

(in thousands of dollars)	**June 30, 2013**	**March 31, 2013**
Operating funding received during period	273,036	999,484
Less: Parliamentary appropriation for operating expenditures recognized in the Condensed Interim Consolidated Statement of Income (Loss) during period	(225,126)	(999,484)
Deferred appropriations for operating expenditures	**47,910**	-

Capital funding received is recorded as Deferred Capital Funding in the Condensed Interim Consolidated Statement of Financial Position. Capital funding is amortized and recognized on the same basis and over the same periods as the related property, equipment, intangible assets and equipment under capital lease.

(in thousands of dollars)	**June 30, 2013**	**March 31, 2013**
Balance, beginning of year	525,696	574,027
Government funding for capital expenditures	25,964	103,035
Amortization of deferred capital funding	(27,856)	(151,366)
Balance, end of period	**523,804**	**525,696**

14. Seasonality

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

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

15. Movements in Working Capital

(in thousands of dollars)	**June 30, 2013**	**June 30, 2012 (revised)**
Changes in Working Capital are comprised of:		
Trade and other receivables	(12,630)	(10,013)
Programming	(12,139)	(13,819)
Merchandising inventory	(24)	8
Prepaid expenses	35,128	55,887
Accounts payable and accrued liabilities	(33,025)	(49,172)
Provisions	910	9,490
Deferred revenues	1,062	1,452
Pension plans and employee-related liabilities	(14,532)	(3,877)
	(35,250)	**(10,044)**

16. Commitments

Program-related, Operating Leases and Other

The Corporation entered into commitments by renewing purchase agreements and entering into new purchase agreements. Commitments also arise because the Corporation enters into operating leases related to property, network distribution and equipment. Management estimates that these new commitments, for the quarter ended June 30, 2013, will result in future expenditures of approximately $96 million (2012 – $79.6 million). As at June 30, 2013, the Corporation's total commitments amounted to $816 million (March 31, 2013 – $786 million) and will span the next 46 years.

17. Related Parties

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

A. Transactions with Related Parties Excluding Government-Related Entities

	Rendering of services Period ended June 30		**Receipt of services Period ended June 30**		**Pension contributions Period ended June 30**	
(in thousands of dollars)	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Associate	561	1,032	-	-	-	-
Other related entities	-	-	-	23	-	-
Corporate Pension Plan	-	-	-	-	13,855	13,791
	561	**1,032**	**-**	**23**	**13,855**	**13,791**

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

	Amounts owed by related parties	
(in thousands of dollars)	**June 30, 2013**	**March 31, 2013**
Associate	77	351
	77	**351**

There are no amounts owing to related parties as at June 30, 2013 (2012 – nil).

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

17. Related Parties (Continued)

B. Other Transaction with Associate

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

C. Transactions with Government-Related Entities

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

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

For the quarter ended June 30, 2013, the aggregate amount of the Corporation's significant transactions with other government-related entities amounted to $0.2 million of its rendering of services (2012 – $0.1 million) and $0.7 million of its purchase of goods and services (2012 – $0.05 million). There were no individually significant transactions during the first quarter ended June 30, 2013 (2012 – none).

18. Financial Instruments

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

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

	June 30, 2013		March 31, 2013			
(in thousands of dollars)	Carrying values	Fair values	Carrying values	Fair values	Method[1]	Note
Financial instruments measured at fair value:						
Derivative financial asset instruments						
Forward contracts	518	518	458	458	Level 2	(a)
Stock options	178	178	171	171	Level 2	(b)
Financial instruments measured at amortized cost:						
Promissory notes receivable (long-term)	47,692	54,206	48,250	56,743	Level 2	(c)
Net investment in finance lease (long-term)	52,082	60,067	52,706	62,893	Level 2	(c)
Bonds payable (long-term)	270,918	356,823	277,008	381,053	Level 2	(d)
Obligations under finance lease (long-term)	41,652	44,487	44,447	47,881	Level 2	(d)
Notes payable (long-term)	110,003	120,057	113,049	128,009	Level 2	(d)
Non-financial assets measured at amortized cost:						
Investment in associate (Sirius XM)	2,291	124,105	3,473	114,819	Level 1	(e)

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

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

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

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

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

18. Financial Instruments (Continued)

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

(e) The fair value is based on the closing market price of Sirius XM Class A shares at the end of the reporting quarter.

19. Comparative Figures

In addition to the changes in accounting policies described in Note 2, the Corporation has reclassified certain comparative figures in the Condensed Interim Consolidated Statement of Income (Loss) to conform to the current presentation. The reclassification was immaterial and did not have an impact on the Condensed Interim Consolidated Statement of Financial Position or the Condensed Interim Consolidated Statement of Cash Flows. As a result, no related note disclosures have been provided.