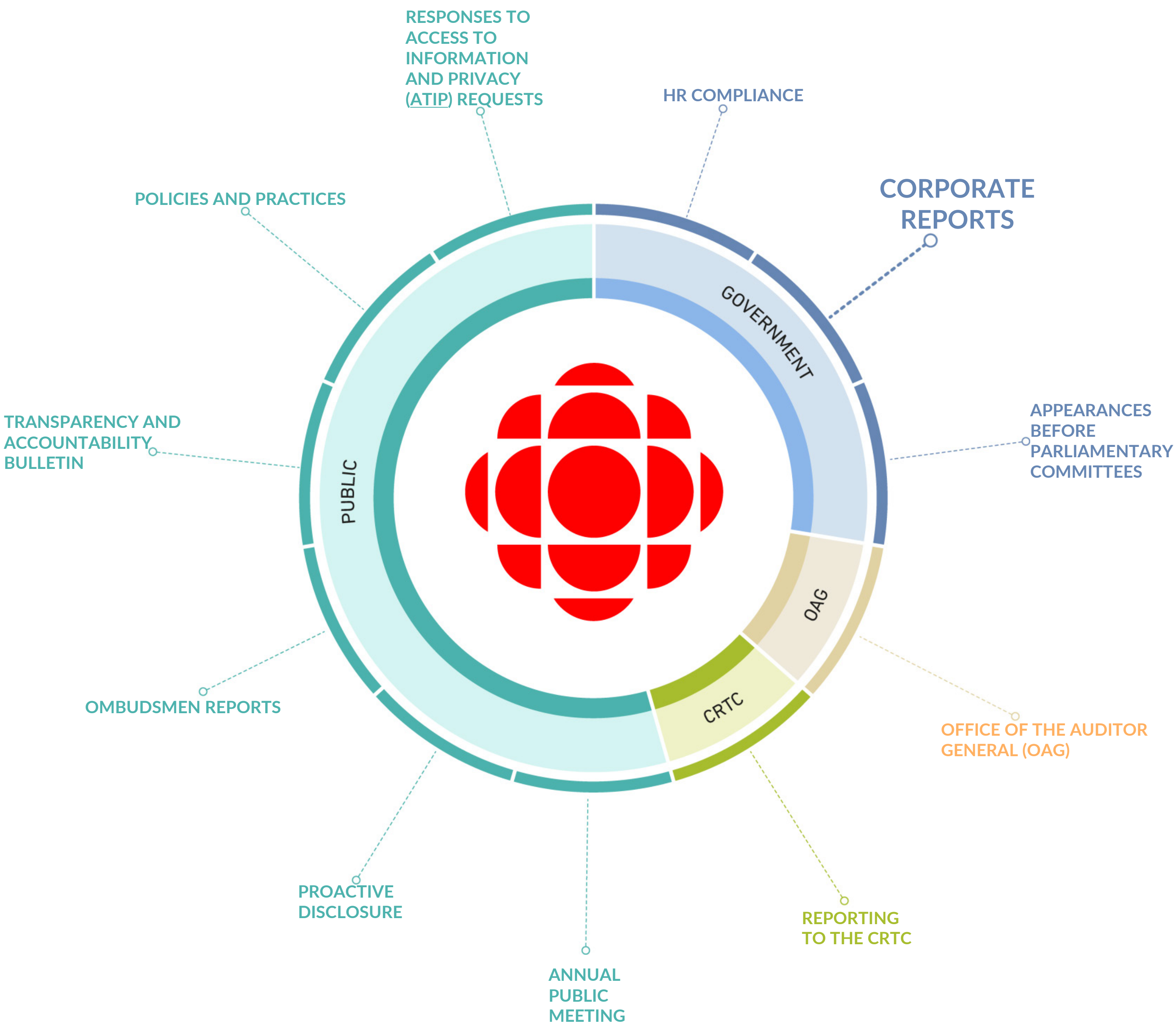
Q1

FIRST QUARTER FINANCIAL REPORT 2016-2017

CBC Radio-Canada

CBC/RADIO-CANADA'S COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

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



MANAGEMENT DISCUSSION AND ANALYSIS

In addition to filing an annual report, we are required – like most Canadian federal Crown corporations – to file quarterly financial reports for the first three quarters of each fiscal year. The following Management Discussion and Analysis (MD&A) aims to provide readers with an overview of our activities and performance for the first quarter of 2016-2017, and should be read in conjunction with our 2015-2016 Annual Report.

In keeping with our commitment to transparency and effective oversight of public funds, we are pleased to present this quarterly report for the first quarter ended June 30, 2016. We have organized our management's discussion and analysis in the following key sections:

To help you understand this management's discussion and analysis, please note the following:

Quarterly reporting - The Condensed Interim Consolidated Financial Statements have not been reviewed by our auditor.

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

Forward-looking statements - This report contains forward-looking statements about strategy, objectives, and expected financial and operational results. Forward-looking statements are typically identified by words such as "may," "should," "could," "would," and "will," as well as expressions such as "believe," "expect," "forecast," "anticipate," "intend," "plan," "estimate" and other similar expressions. Forward-looking statements are based on the following broad assumptions: CBC/Radio-Canada's government funding remains consistent with amounts announced in the federal budget, and the broadcasting regulatory environment will not change significantly. Key risks and uncertainties are described in the Risk Update section of this report. However, some risks and uncertainties are by definition difficult to predict and are beyond our control. They include, but are not limited to, economic, financial, advertising market, technical and regulatory conditions. These and other factors may cause actual results to differ substantially from the expectations stated or implied in forward-looking statements.

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

FINANCIAL HIGHLIGHTS

SELF-GENERATED REVENUE

2016-2017: $114.6M
2015-2016: $118.5M
Total decrease ▼ $3.9M

The 3.3% decrease in revenue from ongoing activities primarily resulted from continued weakness in the television advertising market, especially conventional television. This downward revenue pressure was mitigated somewhat by growth in digital advertising. In addition, our subscriber revenue was almost flat.

OUR EXPENSES

2016-2017: $354.3M
2015-2016: $364.8M
Total decrease: ▼ $10.5M

The 2.9% decrease in expenses from ongoing activities reflected:

- A decrease in our pension expense due to updated actuarial assumptions; and
- The overall lower cost of programs broadcast. Although expenses were lower this quarter, we are developing content using our new government funding. These costs will be reflected as expenses in future periods when programs are broadcast.

GOVERNMENT FUNDING

2016-2017: $223.1M
2015-2016: $169.2M
Total increase: ▲ $53.9M

There was a 31.9% increase in government funding during the first three months of 2016-2017 as we drew down more funding compared to the same period last year. Appropriations recognized in the first quarter of last year were lower than usual due to a higher starting cash position which temporarily delayed our need of drawdowns.

Total government appropriations will increase by $75.0 million in 2016-2017 as announced by the government in March 2016.

Activity in revenue, expenses, and timing of government funding drawdowns, as discussed above, were the main contributors to a loss on a Current Operating Basis of $7.5 million. This compares with a loss of $52.7 million in the first quarter of last year.

	For the three months ended June 30		
(in thousands of Canadian dollars)	**2016**	2015	% change
Revenue	114,606	118,521	(3.3)
Expenses	354,271	364,808	(2.9)
Results before Government funding and non-operating items	(239,665)	**(246,287)**	**2.7**
Government funding	223,126	169,163	31.9
Results before non-operating items	(16,539)	**(77,124)**	**78.6**
Net results under IFRS for the period	(17,941)	**(76,054)**	**76.4**
Results on a Current Operating Basis(1)	(7,489)	**(52,651)**	**85.8**

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

Net results under IFRS were a loss of $17.9 million, lower than the loss of $76.1 million in the same period last year. This is due to activity in revenue and expenses, and higher levels of government funding recognized in the current quarter.

BUSINESS HIGHLIGHTS

CBC/Radio-Canada is committed to its role as Canada's public space. Through our strategic plan, *Strategy 2020*, we're continuing to be more digital, more local and more ambitious in our Canadian programming, all while striving to be more financially sustainable. Here's just some of the ongoing progress that we've made in the first quarter of 2016-2017.

CONTENT AND SERVICES

CBC/Radio-Canada is the place Canadians turn to see themselves and their stories, a role which blends perfectly with being Canada's official Olympic broadcaster. During the Olympic Games in Rio, our audiences had access to more content than ever before with 4,000 hours of live streaming coverage (with up to 23 different live streams each day) combined with more than 1,275 hours of TV coverage on CBC/Radio-Canada, and our broadcast partners TSN, RDS and Sportsnet. In the opening weekend of our Games coverage, more than two-thirds of the Canadian population tuned into CBC/Radio-Canada coverage across all platforms and partners.[1] A full summary of Olympic metrics will be available in the second quarter.

"During the Olympic Games in Rio our audiences had access to more content than ever before."

During the Games, we also expanded the ways our audiences could interact with our content and each other. Thanks to our partnership with Twitter Canada, there was the first-ever use of Twitter Amplify during the Canadian coverage of an Olympic Games. This ensured video content from our Games coverage could target new, engaged, online audiences through tweets from CBC/Radio-Canada accounts, featuring near-live video clips. Our viewers also had the opportunity to experience sporting events up close and personal with Virtual Reality and immersive 360° technology. They were able to access this technology via our CBC (iOS, Android) and Radio-Canada (iOS, Android) apps for Rio 2016 and online, starting with the Opening Ceremony and with at least one sport per day.

"Once again, Canada and the world turned to CBC/Radio-Canada for the news that matters most."

Our teams in News and Current Affairs are putting a stronger emphasis on the multiplatform production of continuous news, as well as impact and original journalism. This was evident during our Fort McMurray wildfire coverage as, once again, Canada and the world turned to CBC/Radio-Canada for the news that matters most. For Radio-Canada, mobilization during the events included extended and continuous multiplatform coverage by the regional teams in Edmonton and Calgary (with support from other teams in the West), and extensive use of social media such as ICI Alberta's Facebook account that served as an important forum for exchanges and testimonials. Canadians also turned to CBC News and CBC.ca for coverage of the events. Notably, during the evacuation, CBC Edmonton was the only radio station that remained on the air, providing evacuees with the sole source of information on what was occurring and where to go during the crisis.

With regards to impact journalism, Radio-Canada launched a new current affairs magazine focused on family matters, *Remue-ménage*. This new title demonstrates Radio-Canada's innovative partnership strategy at work. For the first time, News and Current Affairs content is coproduced in collaboration with an independent producer.

As Canada's public broadcaster, Canadians often turn to us as the platform of choice for distinctly Canadian cultural events. We were proud to answer the call of a widespread social media campaign asking that we broadcast the final concert of iconic Canadian band, the Tragically Hip, allowing Canadians who could not buy tickets the opportunity to remotely participate in this historic musical event. CBC broadcast the concert on August 20.

We are increasingly using digital tools to help put a much-needed spotlight on the lives of Aboriginal Canadians. On June 21, we helped the country celebrate the 20th anniversary of National Aboriginal Day. We rolled out numerous initiatives and content across our services on the day, including Philippe Fehmiu's multiplatform documentary *Ce que nous sommes* on ICI Musique which explored identity issues through artists Élisapie Isaac, Florent Vollant and Samian; and an online interactive program via CBC News called *I am Indigenous*, which features seven of Ontario's inspiring and innovative Indigenous community builders.

Key elements of our strategic plan include supporting Canadian talent and culture in all their various forms. This quarter saw the launch of the Short Docs initiative, which extends the CBC Docs brand into the online space, with shareable, accessible content aimed at reaching a more diverse audience. Radio-Canada took full advantage of the summer to grow closer to different communities as a partner in numerous cultural events across the country. The programs and special broadcasts are being shared across various platforms, including ICI Musique. Examples this quarter include the 18th Festival ComediHa! in Québec, the 29th Les FrancoFolies de Montréal, the 37th Festival International de Jazz de Montréal, and the Course des Régions pancanadienne, which encourages the development of young filmmakers across the Canadian Francophonie.

The Corporation continues to deliver exciting new content for audio lovers in both conventional and digital formats. CBC Radio broadcast two new shows this quarter: the *Candy Palmater Show*; and *Out in the Open*. Its original podcasts garnered both critical acclaim and engagement successes, with 9.5 million unique file downloads in May. This spring, *Someone Knows Something* broke new records by owning the #1 position on iTunes Canada and appearing in the top 10 in the US. Meanwhile, as part of increasingly integrating digital in our radio offering, Radio-Canada accelerated the development of radio streaming service Première PLUS with distinctive and original content, including new humour and book themes, and *Au cœur des anneaux*, 15 unpublished reports on the Olympic Games. Furthermore, CBC Music re-launched a new mobile app for iOS and Android. In addition, ICI Musique launched an entirely new mobile app for iOS and Android, allowing our audience to access ICI Musique radio programming and its 150 streams anywhere, anytime. The app also provides access to the recommendations of ICI Musique radio hosts.

[1] Source: Numeris

INFRASTRUCTURE

As indicated in the 2015-2016 annual report, we are reimagining many of the spaces used by our staff across the country so that they can become the working environment required for a digital-age broadcaster. We are in the midst of that process for Maison de Radio-Canada (MRC), which must be modernized because it no longer meets our needs. In May, plans for the new MRC took a major step forward, as CBC/Radio-Canada's Board of Directors shortlisted two proposals for a new facility, both of which would see MRC remain on a portion of the same site. Regarding the sale of the existing facility, the next phase of the process will continue with four proponents to maintain a high level of competition and guarantee the best possible offer. The final selection of proposals for both the current and the future facility will take place at the same time this fall due to their interdependencies. As a digital, multiplatform production space that is close to the community, the new MRC will foster teamwork and innovation so that Radio-Canada can remain a cultural hub for the city.

"We are reimagining many of the spaces used by our staff across the country so that they can become the working environment required for a digital-age broadcaster."

We have also reviewed options with respect to the Canadian Broadcast Centre in Toronto. We have concluded that CBC/Radio-Canada will retain ownership of the building. The footprint reduction strategy for that building will rely on leasing excess space to third parties.

In May, we announced we would be moving ahead with a remote control room project first announced as part of *Strategy 2020*. The project makes use of HD TV control rooms in Vancouver, Toronto and Ottawa to remotely deliver some local TV news shows across the country (at this time, specific locations include Edmonton, Windsor, Calgary, Regina, Fredericton, and Winnipeg). The benefit of this project is to bring HD technology to these locations without incurring the associated capital costs, which typically amount to approximately $3 million per control room. This process will be rolled out over the next several years.

PEOPLE AND CULTURE

As we kick off the new fiscal year, our focus is on organizational design and change management, cultural transformation, simplification, and tools that support the achievement of transformation into an agile, flexible and collaborative organization.

"Our focus is on organizational design and change management, cultural transformation, simplification, and tools that support the achievement of transformation into an agile, flexible and collaborative organization."

We continue on our path of building a respectful work environment that we can all be proud of. On March 17, 2016, we launched mandatory training for all employees on preventing workplace bullying and harassment. Managers across the organization continue to implement individual action plans to improve employee engagement and a follow-up survey to measure our progress is planned for the third quarter of this fiscal year.

In May 2015, the Canada Industrial Relations Board (CIRB) ruled that the new French Services union structure will comprise two bargaining units instead of four. A vote was held in June 2015 to determine the bargaining agent of the employees, with the exception of producers who are represented by the Association des réalisateurs (AR). The Syndicat des Communications de Radio-Canada (SCRC) was chosen as the newly certified union. The Federal Court of Appeal hearing on merging the two Radio-Canada bargaining units into one is scheduled for September 13, 2016. In the meantime, negotiations with the two bargaining units continue: bargaining commenced in May 2016 with the SCRC and is well underway.

Bargaining with the Association of Professionals and Supervisors (APS) commenced in April 2016 and an agreement in principle was reached at the end of June, which will be ratified in the fall.

In June 2016, Louis Lalande, Executive Vice-President, French Services, announced he will retire at the end of 2016. A recruitment process was launched immediately so that a new incumbent will be in place by the end of the year.

OTHER BUSINESS MATTERS

On June 28, 2016, CBC/Radio-Canada announced its engagement in Canada's 150th anniversary of Confederation via its programming, partnerships, and by launching "*What's Your Story?*", a call to action inviting the public to demonstrate their Canadian pride using #CBC2017. On Canada Day, the public broadcaster supported the initiative by engaging with thousands of people in Ottawa to create excitement surrounding the important milestone. On August 4, we kicked off the 150 day countdown to December 31, 2016.

As noted in our last annual report, Brian Mitchell resigned from the CBC/Radio-Canada Board of Directors effective April 17, 2016. Rob Jeffery was appointed as Chair of the Audit Committee and as a member of the Board of Trustees for the CBC Pension Plan effective May 3, 2016.

PERFORMANCE UPDATE

PERFORMANCE MEASUREMENT FRAMEWORK

A central feature of *Strategy 2020* is the establishment of metrics to track and assess our performance. Building on existing measurement tools, CBC/Radio-Canada has developed a streamlined performance measurement framework to assess our strategic plan. This performance measurement framework consists of three separate reports: the Mandate and Vision Perception Survey, the *Strategy 2020* Performance Report (strategic indicators) and the Media Lines Performance Report (operational indicators).

OUR MANDATE AND VISION

As Canada's national public broadcaster, the establishment of metrics to track and assess the perception of our performance is essential to demonstrate our accountability to Canadians. The Mandate and Vision Perception Survey allows us to monitor how well Canadians believe our services fulfill the Corporation's mandate under the 1991 *Broadcasting Act*, as well as measure the performance of our programming with respect to quality, distinctiveness and our ability to reflect and draw Canadians together. The report also includes vision indicators, which present the Corporation's role in fulfilling the vision of *Strategy 2020*. The data are collected via high-quality surveys conducted among representative samples of Anglophone and Francophone Canadians.[2]

The 2016-2017 survey results will be available in January, at which point they will be published in the third quarterly financial report (Q3). For those interested in looking at the last survey results, they have been published in an interactive dashboard on our corporate website for all Canadians to access.

STRATEGY 2020

The *Strategy 2020* Performance Report is used to ensure we are meeting the corporate-wide objectives of our current strategic plan. We initially established long-term targets we aim to meet by 2020. Each year, we track our progress towards them with short-term annual targets. A set of nine key indicators is used to measure the four elements of the new strategy: audience, infrastructure, people and financial sustainability.[3]

For audience success, we selected five indicators:

- By 2020, we want three out of four Canadians to consider one or more of our services to be very personally important to them (indicator 1);
- With respect to the diversity and objectivity of our information programming (indicator 2), we set a goal to maintain Canadians' high perceptions even in the face of a fragmenting public opinion and the transformation of our news offering;
- In order to change Canadians' perceptions so significantly, we will need to launch new digital services and grow our digital reach and interactions with Canadians (indicators 3 and 4); and
- We will also need to maintain the level of time Canadians spend with our services, even as competition for Canadians' attention continues to increase (indicator 5).

To support our audience goals, we will need to transform our infrastructure, including reducing our real estate footprint by 50% (indicator 6). We will need our employees to be more engaged (indicator 7) and to better reflect the diverse society we serve (indicator 8). Lastly, we will need to meet our cost reduction target (indicator 9) to be financially sustainable.

MEDIA LINES

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

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[2] Source: Mission Metrics Survey, TNS Canada (1,000 Anglophones and 1,000 Francophones per survey). Surveys are conducted in November and March each year.
[3] As of 2016-2017, the indicator for Investment Fund (formerly Indicator 10) is no longer relevant due to the Government's reinvestment in CBC/Radio-Canada and it will not be included in the *Strategy 2020* Performance Report.

Measuring Our *Strategy 2020*

The *Strategy 2020* indicators are presented below. Our first quarterly report contains a partial list of Key Performance Indicators (KPIs), as several – indicators 1, 2, 5 and 7 – are not yet available. They are not measured until the fall and will consequently not be presented until our third quarterly report.

This quarter, our digital reach, our monthly digital interactions and our real estate footprint are trending positively to meet their annual target, and we are on track to reduce costs as planned. Our employee diversity indicator is the only one currently trending below target, due to the hiring of less external diverse candidates than available in the industry according to the 2011 Canadian census. We saw a similar trend at this stage last year, but ended the fiscal year with an improved result. We are actively working on improving our diversity metrics again this year.

Indicator	Results 2015-2016	Targets 2016-2017	April 1 to June 30, 2016	Expected Shape of Growth	2020 Targets
Audience/Market					
1. Personal importance to Canadians (% very important) [4]	56.6%	57.6%	N/A		75.0%
2. Information programming has diverse opinions and is objective (% who strongly agree) [4]	56.2%	56.5%	N/A		57.0%
3. Digital Reach of CBC/Radio-Canada (millions) [5]	14.6	16.5	16.0		18.0
4. Monthly Digital Interactions with CBC/Radio-Canada (millions) [6]	103.8	117.2	119.3		95.0
5. Overall Time Spent with CBC/Radio-Canada (millions hrs/week) [7]	171	177	N/A		173
Infrastructure					
6. Reduce Real Estate Footprint (millions of rentable square feet) [8]	3.9	3.9	3.9		2.0
People					
7. Employee Engagement (% proud to be associated) [9]	69.0%	74.2%	N/A		90.0%
8. Employee Diversity (% of new employees) [10]	18.5%	23.2%	15.9%		23.2%
Financial					
9. Achieve Cost Reduction Target ($ millions)	$62.0	$85.1	$87.5		$117.0

N/A = not available or not applicable

Ce que nous sommes, ICI Musique

[4] Source: Mission Metrics Survey, TNS Canada. This is the per cent of Canadians who give us top marks (8, 9 or 10 on a 10-point scale).
[5] Source: comScore, multiplatform measurement, monthly average unique visitors.
[6] Source: comScore, multiplatform measurement, monthly average visits.
[7] Source: Numeris, time spent with our TV and Radio services; Adobe SiteCatalyst and comScore, time spent with our Internet services.
[8] Our rentable square feet (RSF) results exclude: foreign offices (e.g., bureaus), transmission sites, parking lots and leases for the sole purpose of storage (i.e., no broadcasting activity).
[9] Source: Gallup Consulting, Dialogue 2015 Survey. This is the per cent of employees who are proud to be associated with CBC/Radio-Canada. This is measured as the per cent who respond 4 to 5 on a scale of 1 to 5 in a representative survey of employees.
[10] This metric is made up of three groups: Aboriginal Peoples, persons with disabilities and visible minorities. It is calculated as a per cent of new external hires for positions of 13 weeks or more.

MEASURING OUR MEDIA LINES

Our first quarterly report contains a partial list of Key Performance Indicators (KPIs) because many of the principal targets are measured starting in September each year. They are not available for CBC Television, CBC Radio, ICI Radio-Canada Télé, ICI Radio-Canada Première and ICI Musique until the fall and are consequently not presented until our third quarterly report.

FRENCH SERVICES RESULTS

		Results 2015-2016	April 1 to June 30, 2015	Targets 2016-2017	April 1 to June 30, 2016
Television					
ICI RDI, ICI ARTV, ICI EXPLORA	*All-day audience share* [11]	4.7%	4.4%	4.7%	5.3%
Regional					
ICI Radio-Canada.ca regional offering	*Monthly average unique visitors* [12]	0.7 M	0.7 M	N/A[12]	N/A[12]
Digital					
Radio-Canada digital offering	*Monthly average unique visitors* [13]	3.0 M	2.5 M	3.4 M	3.5 M
Specialty Television Channels					
ICI RDI	*Subscribers*	10.7 M	10.9 M	N/A[14]	N/A[14]
ICI ARTV	*Subscribers*	1.8 M	1.8 M	N/A[14]	N/A[14]
ICI EXPLORA	*Subscribers*	0.8 M	0.7 M	N/A[14]	N/A[14]
Revenue[15]					
Conventional, specialty, online		$216 M	$50 M	$201 M	$48 M

N/A = not applicable or not available

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

Television – ICI RDI recorded high ratings, boosted by its continuous coverage of major news events such as the Fort McMurray wildfire, Pierre Karl Péladeau's resignation and the Brexit referendum. ICI ARTV benefited from the rebroadcast of two Radio-Canada landmark series: *Les belles histoires des pays d'en haut* and *Le temps d'une paix*. ICI EXPLORA's average audience share has continued to increase following the end of 2015-2016. An attractive early summer line-up drew audiences (e.g. *Chroniques du zoo de Londres*, *Le jeu de la science*, *Sexplora*).

Digital – Canadians continue to turn in large numbers to our mobile offering. Indeed, reach via mobile platforms is growing, driving this quarter's performance. For the period from April to May 2016, 45% of unique visitors used mobile devices to access one of Radio-Canada's digital services, compared to 39% last year.[16]

Revenue – Television advertising revenue continues to be under pressure, but total self-generated revenue results to date is currently trending consistent with achievement of the annual target.

Karina Marceau, host of *Remue-ménage*, ICI Radio-Canada Télé

[11] Source: Numeris, Portable People Meter (PPM), Francophones in Quebec, aged 2 years and older, April to March.
[12] Source: comScore Media Metrix, unique visitors, desktops (aged 2 years and older), April to March. In 2015-2016, the ICI Radio-Canada.ca regional offering measure was desktop only. The comScore measurement basis for 2016-2017 regional digital content is being finalized; target and results will be published once this is confirmed.
[13] Source: comScore Media Metrix, unique visitors, desktops (aged 2 years and older) and mobile devices (aged 18 years and older), April to March. Radio-Canada digital offering: ICI.Radio-Canada.ca, ICI.Tou.tv, ICIMusique.ca, RCInet.ca, ICI.ARTV.ca, ICI.EXPLORAtv.ca.
[14] Not published due to competitive reasons.
[15] Includes advertising revenue, subscription revenue and other revenue (e.g. content distribution).
[16] Source : comScore Media Metrix

ENGLISH SERVICES RESULTS

		Results 2015-2016	April 1 to June 30, 2015	Targets 2016-2017	April 1 to June 30, 2016
Television					
CBC News Network	*All-day audience share* [17]	1.7%	1.6%	1.5%	1.8%
Regional					
CBC.ca regional offering	*Monthly average unique visitors* [18]	4.3 M	4.0 M	N/A[18]	N/A[18]
Digital					
CBC digital offering	*Monthly average unique visitors* [19]	12.4 M	11.0 M	14.1 M	14.0 M
Specialty Television Channels					
CBC News Network	*Subscribers*	11.0 M	11.2 M	N/A[20]	N/A[20]
documentary	*Subscribers*	2.5 M	2.7 M	N/A[20]	N/A[20]
Revenue[21]					
Conventional, specialty, online		$260 M	$52 M	$211 M	$51 M

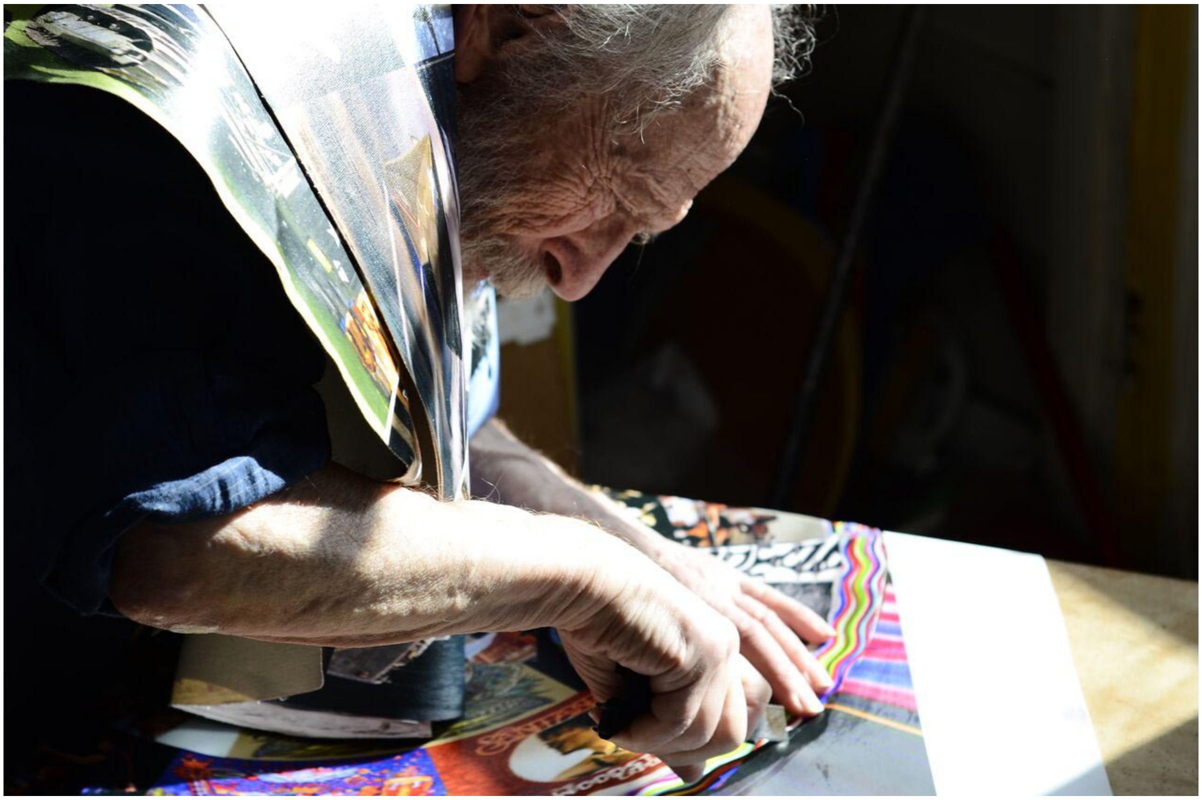
N/A = not applicable or not available

Available performance results are currently tracking close to or above the annual targets. Below are a few highlights:

Television – CBC News Network's share for the quarter has increased over the prior quarter, particularly in May and June 2016 due to the favourable audience impact of the Fort McMurray wildfire coverage.

Digital – New programming and resource enhancements have led to a steady increase in the number of monthly average unique visitors during the quarter.

Revenue – Although early in the year, results to date are trending consistent with achievement of the annual target.



Billsville, featured on the newly launched CBC Short Docs

[17] Source: Numeris, Portable People Meter (PPM), persons aged 2 years and older, April to March.
[18] Source: comScore Media Metrix, unique visitors, desktops (aged 2 years and older), April to March. In 2015-2016, the CBC.ca regional offering measure was desktop only. The comScore measurement basis for 2016-2017 regional digital content is being finalized; target and results will be published once this is confirmed.
[19] Source: comScore Media Metrix, unique visitors, desktops (aged 2 years and older) and mobile devices (aged 18 years and older), April to March.
[20] Not published due to competitive reasons.
[21] Includes advertising revenue, subscription revenue and other revenue (e.g. content distribution). Excludes revenue from the Olympics and arrangements with Rogers Communications Inc. for the continued airing of *Hockey Night in Canada* for Saturday night and playoff hockey. Toronto 2015 Pan Am Games revenue included in prior year results reflects joint English and French Services revenue. The comparative periods of 2015-2016 have been restated for comparability.

CANADIAN CONTENT

Regulatory requirements for Canadian content on television are specified by the Canadian Radio-television and Telecommunications Commission (CRTC), which sets conditions of license for ICI Radio-Canada Télé and CBC Television. For the whole broadcast day, a minimum of 75% Canadian content is required. For prime time, a minimum of 80% Canadian content is required. Both measures are averages over the entire broadcast year from September 1 to August 31. As shown in the table below, in the current broadcast year-to-date and in the previous full broadcast year, ICI Radio-Canada Télé and CBC Television significantly exceeded the CRTC's Canadian content conditions of license, both over the whole day and in prime time.

		Yearly conditions of licence	Results September 1, 2014 to August 31, 2015	Results September 1, 2015 to June 30, 2016
ICI Radio-Canada Télé				
Broadcast day	(Mon-Sun, 6:00 a.m.-12:00 a.m.)	75%	82%	84%
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%	92%	83%
Prime time	(Mon-Sun, 7:00 p.m.-11:00 p.m.)	80%	87%	84%

Ron MacLean, David Amber, Andi Petrillo, Scott Russell, hosts of CBC Olympic Games coverage

DISCUSSION OF RESULTS

RESULTS UNDER IFRS AND ON A CURRENT OPERATING BASIS

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

(in thousands of Canadian dollars)	For the three months ended June 30 **2016**	2015	% change
Revenue	114,606	118,521	(3.3)
Expenses	354,271	364,808	(2.9)
Results before Government funding and non-operating items	(239,665)	**(246,287)**	**2.7**
Government funding	223,126	169,163	31.9
Results before non-operating items	(16,539)	**(77,124)**	**78.6**
Non-operating items	(1,402)	1,070	N/M
Net results under IFRS for the period	(17,941)	**(76,054)**	**76.4**
Items not generating or requiring funds from operations			
Pension and other employee future benefits	10,848	17,888	(39.4)
Depreciation, amortization and decommissioning expenses, net of amortization of deferred capital funding	5,480	5,094	7.6
Other provisions for non-cash items	(5,876)	421	N/M
Results on a Current Operating Basis[1]	(7,489)	**(52,651)**	**85.8**

N/M = not meaningful

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

NET RESULTS UNDER IFRS FOR THE QUARTER

Net results under IFRS for the first quarter of 2016-2017 were a loss of $17.9 million, lower than the loss of $76.1 million incurred during the same period last year. Changes in net results when compared to the same period last year were driven by:

- Higher government funding recognized this quarter ($54.0 million), consistent with our expected needs. In the same period of last year, our drawdowns of funding were lower than usual due to a higher starting cash position which temporarily delayed our need of drawdowns; and
- Lower operating expenses resulting from a decrease in our pension expense and less expensive programming broadcast relative to last year. Although expenses were lower this quarter, we are developing content using our new government funding. These costs will be reflected as expenses in future periods when programs are broadcast.

The reduction in operating expenses discussed above more than offset the decline in self-generated revenue, which was primarily caused by the persistent softness of the TV advertising market.

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

RESULTS ON A CURRENT OPERATING BASIS

Our Results on a Current Operating Basis were a loss of $7.5 million, also reflecting the activity in revenue, expenses, and funding described above.

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 revenue that will not generate operating funds within one year. This measure is used regularly by management to help monitor performance and balance the Corporation’s budget consistent with parliamentary appropriations. We believe this measure provides useful complementary information to readers, while recognizing that it does not have a standard meaning under IFRS and will not likely be comparable to measures presented by other companies.

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

REVENUE

(in thousands of Canadian dollars)	For the three months ended June 30 2016	2015	% change
Advertising			
English Services	25,963	26,688	(2.7)
French Services	28,134	30,310	(7.2)
	54,097	56,998	(5.1)
Subscriber fees			
English Services	18,092	18,397	(1.7)
French Services	15,020	14,920	0.7
	33,112	33,317	(0.6)
Financing and other income			
English Services	11,964	13,026	(8.2)
French Services	5,042	4,747	6.2
Corporate Services	10,391	10,433	(0.4)
	27,397	28,206	(2.9)
TOTAL	114,606	**118,521**	**(3.3)**

Our self-generated revenue from ongoing activities decreased by $3.9 million (3.3%) in the first quarter of 2016-2017 compared to the same period last year.

ADVERTISING (▼ 5.1%)

The $2.9 million (5.1%) decrease in advertising revenue this quarter reflected mostly a persistent industry-wide softening of the conventional television advertising market. The Canadian conventional market was down 9% from April to June.[22] Along with market declines, lower audiences in the 25-54 demographic have impacted revenue obtained for conventional advertising in both our networks. This demographic is particularly important for media buyers, therefore we are closely monitoring the market and our performance in this area.

This decrease was partly offset by higher digital revenue led by the continued strength in programmatic sales (automated sales of digital advertising), particularly in English markets.

SUBSCRIBER FEES (▼ 0.6%)

Our subscriber revenue decreased by $0.2 million (0.6%) compared to the same period last year. While this revenue is almost flat overall year-over-year, **CBC News Network**, **ICI ARTV** and **ICI RDI**'s subscription revenue decreased due to a decline in their subscriber bases. Subscriber revenue continues to be negatively affected by the cord-cutting and cord-shaving trends, while experiencing the early effects of regulatory changes following the *Let's Talk TV* hearings.

These decreases were partly offset by **ICI Tou.tv EXTRA**'s performance, which saw a nearly 40% increase in its subscriber base compared to the first three months of 2015-2016, partly reflecting the success of its strategy to continue making some of its programs exclusively available to its subscribers first.

FINANCING AND OTHER INCOME (▼ 2.9%)

The $0.8 million (2.9%) decline in financing and other income this quarter resulted mostly from lower foreign exchanges gains and the absence of revenue from the rental of CBC's mobile production assets, which were sold in June 2015.

[22] Source: ThinkTV

Operating Expenses

(in thousands of Canadian dollars)	For the three months ended June 30		
	2016	2015	% change
Television, radio and digital services costs			
English Services	178,882	186,171	(3.9)
French Services	149,713	152,422	(1.8)
	328,595	338,593	(3.0)
Other operating expenses			
Transmission, distribution and collection costs	16,864	17,038	(1.0)
Corporate management	2,560	2,525	1.4
Payments to private stations	213	591	(64.0)
Finance costs	6,820	7,432	(8.2)
Share of results in associate	(781)	(1,371)	43.0
	25,676	26,215	(2.1)
TOTAL	354,271	**364,808**	**(2.9)**

Our operating expenses decreased by $10.5 million (2.9%) in the first quarter of 2016-2017 compared to the same period last year. The main variances are discussed below.

Television, Radio and Digital Services Costs (▼ 3.0%)

The $10.0 million (3.0%) decrease in our **Television, radio and digital services costs** this quarter were mostly due to:

- A lower pension expense due to changes in actuarial assumptions; and
- Lower programming costs incurred this quarter as higher value programming was broadcast in the same period last year, especially for English Services. Although expenses were lower this quarter, we are developing content using our new government funding. These costs will be reflected as expenses in future periods as programs are broadcast.

These decreases were partially offset by:

- The extra costs of local and international news due to the coverage of special events, such as the Fort McMurray wildfire, and the introduction of French Services' current affairs show *Remue-Ménage.*

Other Operating Expenses (▼ 2.1%)

Other operating expenses decreased by $0.5 million (2.1%) with the main variances highlighted below.

Transmission, distribution and collection and **corporate management** expenses remained consistent with the same period last year.

Lower **payments to private stations** of $0.4 million (64.0%) this quarter resulted from the end of our agreement with two affiliate stations in August 2015.

Finance costs continued to decrease, consistent with our expectations.

Our **share of results in associate** decreased by $0.6 million (43%) compared to the same period last year. In both periods, we received a $1.4 million dividend. However, under the applicable accounting rules, the dividend received this quarter was accounted for as a reduction of our investment's carrying value. The amount of $0.8 million recognized in results this quarter represented our share in SiriusXM's income. For more information on the pending sale of our investment in SiriusXM, please refer to Note 8 of the consolidated quarterly financial statements.

GOVERNMENT FUNDING

(in thousands of Canadian dollars)	For the three months ended June 30		
	2016	2015	% change
Parliamentary appropriations for operating expenditures	199,000	144,000	38.2
Parliamentary appropriations for working capital	1,000	1,000	-
Amortization of deferred capital funding	23,126	24,163	(4.3)
TOTAL	223,126	**169,163**	**31.9**

Parliamentary appropriations for operating expenditures are recognized based on our working capital requirements, according to forecast revenue and expenditures for the period. Parliamentary appropriations for operating expenditures increased by $55.0 million this quarter based on an increase in our expected needs. Appropriations recognized in the first quarter of last year were lower than usual because a higher starting cash position temporarily delayed our need of drawdowns. The appropriation recognized in the current quarter is consistent with the seasonality of our business and historical patterns. Parliamentary appropriations for operating expenditures are expected to increase by $75.0 million in 2016-2017, following the March 2016 announcement of a reinvestment in CBC/Radio-Canada by the federal government.

Capital funding 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 $1.1 million reflects the lower value of our asset base as we reduce our real estate footprint and simplify our infrastructure.

NON-OPERATING ITEMS

(in thousands of Canadian dollars)	For the three months ended June 30		
	2016	2015	% change
Gain (loss) on disposal of property and equipment and intangibles	(1,402)	1,070	N/M
TOTAL	(1,402)	**1,070**	**N/M**

N/M = not meaningful

The non-operating loss this quarter was due to:

- An impairment loss recognized on assets held for sale following a downward revaluation of the estimated fair value of some of these assets; and
- The retirement of assets in the regular course of our operations.

A small gain had been recognized following the normal retirement of assets last year.

TOTAL COMPREHENSIVE INCOME (LOSS)

(in thousands of Canadian dollars)	For the three months ended June 30		
	2016	2015	% change
Net results for the period	(17,941)	**(76,054)**	**76.4**
Other comprehensive income (loss)			
Remeasurements of defined benefit plans	(53,470)	181,505	N/M
Total comprehensive income (loss) for the period	(71,411)	**105,451**	**N/M**

N/M = not meaningful

Total comprehensive loss recognized this quarter was $71.4 million, compared to a gain of $105.5 million in the same period last year. In addition to net results, total comprehensive income includes remeasurements of pension plan values. These remeasurements are driven by significant non-cash fluctuations in our pension plan's obligations and assets that occur when actual results or interest rates differ from our actuarial assumptions. We recognize these movements immediately in other comprehensive income each reporting period.

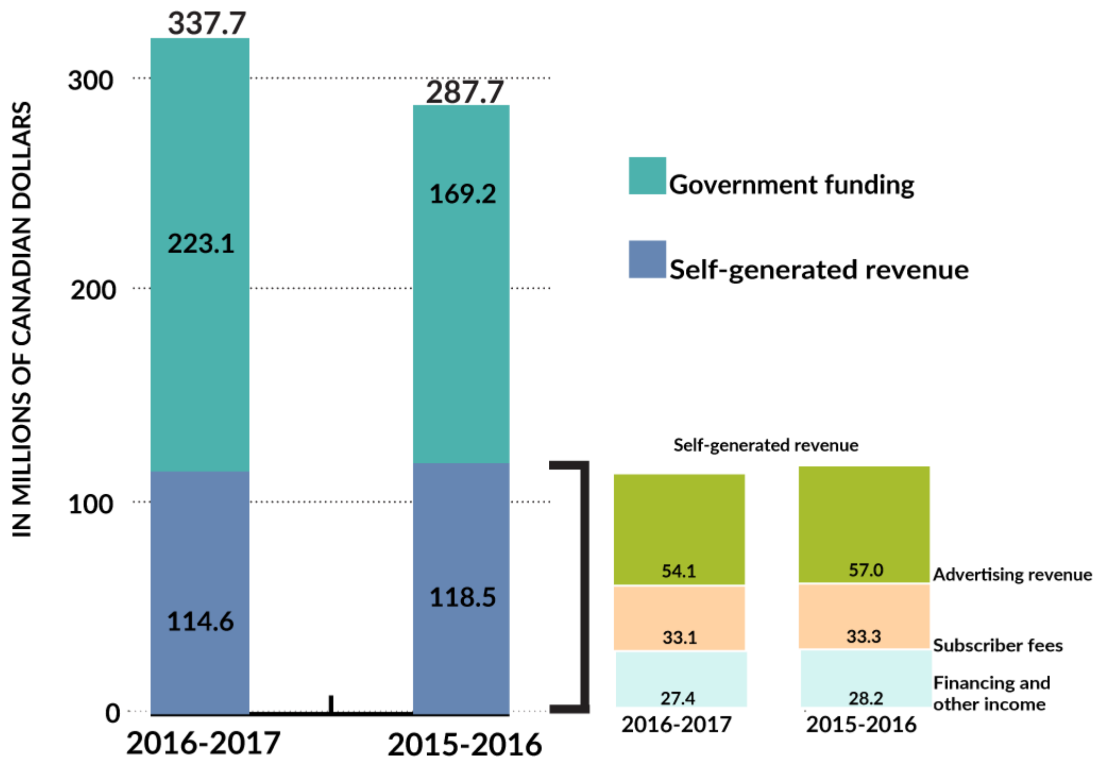
A loss of $53.5 million was recognized this quarter on remeasurements of defined benefit plans as a result of an increase in our plan obligations due to a 25 basis-point decrease in the discount rate used to value these long-term liabilities. This decrease was partly offset by a higher return on plan assets than estimated as part of our actuarial assumptions.

In the first quarter of 2015-2016, a gain of $181.5 million was recognized from remeasurements of our defined benefit plans. This gain was due to a 50 basis-point increase in the discount rate applied to long-term liabilities, partly offset by a lower return on plan assets than expected in the actuarial assumptions.

CAPITAL RESOURCES, FINANCIAL CONDITION AND LIQUIDITY

CAPITAL RESOURCES

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



Government funding (66% of sources in 2016-2017): Government funding of $223.1 million was recognized during the quarter, including $23.1 million of amortization of deferred capital funding. In March 2016, the federal government announced an important reinvestment in CBC/Radio-Canada: an additional $75.0 million in 2016-2017 and $150.0 million per year thereafter, on an ongoing basis.

Advertising revenue (16% of sources in 2016-2017): This includes the sale of advertising space on our conventional and specialty television channels, CBC Radio 2, ICI Musique, and other platforms. Advertising revenue is decreasing as a proportion of our self-generated revenue and sources of funds as a result of the market shift away from conventional advertising platforms.

Subscriber fees (10% of sources in 2016-2017): Fees from our specialty services – CBC News Network, *documentary*, ICI EXPLORA, ICI ARTV, ICI RDI, the new ICI Tou.tv EXTRA premium package and Curio.ca. Subscriber fees are experiencing downward pressure from the continuing cord-cutting trend and the effects of recent regulatory changes enacted by the CRTC (affordable basic TV package, small TV packages and pick and pay TV channels).

Financing and other income (8% of sources in 2016-2017): Includes income from activities such as rental of real estate assets, leasing of space at our transmission sites, host broadcasting, contributions from the Canada Media Fund and program sales.

BORROWING PLAN

The *Broadcasting Act*, section 46.1, confers on CBC/Radio-Canada the authority to borrow up to $220.0 million, or such greater amount as may be authorized by Parliament, subject to approval of the Minister of Finance. Section 54.(3.1) of the Act requires that our borrowing plan be included in our Corporate Plan. Borrowing to meet working capital purposes is prohibited.

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

FINANCIAL CONDITION AND LIQUIDITY

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

Our cash balance at June 30, 2016, was $83.9 million, compared to $156.5 million on March 31, 2016. Our cash flows from operating, investing and financing activities for the first quarter ended June 30, 2016 are summarized below.

CASH POSITION

	For the three months ended June 30		
(in thousands of Canadian dollars)	**2016**	2015	% change
Cash - beginning of the period	156,465	214,884	(27.2)
Changes in the period			
Cash used in operating activities	(57,023)	(90,105)	36.7
Cash used in financing activities	(25,434)	(25,323)	(0.4)
Cash from investing activities	9,940	350	N/M
Net change	(72,517)	**(115,078)**	**37.0**
Cash - end of the period	83,948	**99,806**	**(15.9)**

N/M = not meaningful

Cash Used in Operating Activities

Cash outflows for operating activities in the first quarter of 2016-2017 decreased by $33.1 million compared to the same period last year, mostly because drawdowns of parliamentary appropriations for operating expenditures were higher by $55.0 million. This change was primarily the result in the timing of government appropriation drawdowns for use in the business. In the first quarter of 2015-2016, our use of cash in operations was higher than usual as we delayed government appropriations drawdowns to first use cash received from several one-time events in the prior fiscal year.

These additional drawdowns were partially offset by increases in our working capital requirements this quarter, notably a higher programming inventory balance than at June 30, 2015.

Cash Used in Financing Activities

Cash outflows for financing activities were stable. Cash outflows for financing activities in both quarters presented above relate to:

- interest payments;
- repayments of the Broadcast Centre Trust bonds;
- payments of notes payable; and
- payments to meet obligations under finance leases.

Cash From Investing Activities

Investing activities generated cash of $9.9 million this quarter, compared to $0.4 million in 2015-2016. The higher cash inflows during the period were mostly attributable to:

- Higher drawdowns of parliamentary appropriations for capital funding ($20.0 million in 2016-2017 compared to $10.0 million in 2015-2016); and
- A $6.3 million decrease in the acquisition of property and equipment, as the first quarter of 2015-2016 saw significant activity in the consolidation of our locations in both Halifax and Moncton.

In addition, the cash outflows in the first quarter of last year had been partly offset by $7.3 million of proceeds from disposal of property and equipment, mostly from the sale of our mobile production assets.

RISK UPDATE

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

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

Other than the items below, there have been no significant changes to our risk profile since year-end. Please refer to our 2015-2016 Annual Report for a more detailed assessment of the risks, potential impacts, and risk mitigation strategies.

Real Estate Replacement and Optimization

We have reviewed the options with respect to the Canadian Broadcast Centre in Toronto. We have concluded that CBC/Radio-Canada will retain ownership of the building. The footprint reduction strategy for that building will rely on leasing excess space of approximately 500,000 rentable square feet to third parties.

Union Relations and Negotiations

The Federal Court of Appeal hearing on merging the two Radio-Canada bargaining units into one is scheduled for September 13, 2016. In the meantime, negotiations with the two bargaining units continue.

The intersection at Prospect Drive and Siltstone Place in Timberlea, Fort McMurray, Alberta. (Photo credit: Briar Stewart, CBC)

FINANCIAL REPORTING DISCLOSURE

FUTURE ACCOUNTING STANDARDS

Refer to Note 3 of the condensed interim consolidated financial statements for information pertaining to accounting changes effective during 2016-2017 and for information on issued accounting pronouncements that will be effective in future years.

KEY ACCOUNTING ESTIMATES AND CRITICAL JUDGMENTS

Discussion and analysis of our financial condition and results of operations are based upon our condensed interim consolidated financial statements, which have been prepared in accordance with IAS 34 – *Interim Financial Reporting*. Our key significant accounting estimates and critical judgments are disclosed throughout the notes of our annual consolidated financial statements.

TRANSACTIONS WITH RELATED PARTIES

INVESTMENTS IN ASSOCIATE

There was no significant change to our equity interest in SiriusXM Canada Holdings Inc. (SiriusXM) during the period.

TRANSACTIONS WITH DEFINED BENEFIT PENSION PLANS

We made employer contributions to defined benefit plans as discussed in Note 10. We also provided management and administrative services to our defined benefit pension plans.

STATEMENT OF MANAGEMENT RESPONSIBILITY BY SENIOR OFFICIALS

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

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

Hubert T. Lacroix,

President and Chief Executive Officer

Judith Purves,

Executive Vice-President and
Chief Financial Officer

Ottawa, Canada

August 25, 2016

CONSOLIDATED FINANCIAL STATEMENTS

First Quarter Financial Report 2016-2017

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In thousands of Canadian dollars, unless otherwise noted

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	NOTE	June 30, 2016	March 31, 2016
ASSETS			
Current			
Cash		83,948	156,465
Trade and other receivables	4	127,043	136,370
Programming	5	302,656	237,827
Merchandising inventory		44	258
Prepaid expenses		35,295	38,568
Promissory notes receivable		2,697	2,651
Investment in finance lease		3,011	2,960
Derivative financial instruments	14	143	151
Assets classified as held for sale	6	2,659	3,483
		557,496	**578,733**
Non-current			
Property and equipment	6	872,185	885,069
Intangible assets	7	29,018	28,757
Assets under finance leases		18,720	20,596
Pension plan asset	10	84,007	145,406
Programming	5	102,484	107,629
Promissory notes receivable		40,190	40,877
Investment in finance lease		43,647	44,419
Deferred charges		18,297	17,274
Investment in associate	8	1,906	2,496
		1,210,454	**1,292,523**
TOTAL ASSETS		**1,767,950**	**1,871,256**
LIABILITIES			
Current			
Accounts payable and accrued liabilities		82,580	112,512
Provisions	9	25,226	24,556
Pension plans and employee-related liabilities	10	142,850	121,561
Programming liability		15,151	15,151
Bonds payable		17,993	22,269
Obligations under finance leases		11,690	11,476
Notes payable		7,465	8,523
Deferred revenue		28,205	25,729
Derivative financial instruments	14	170	159
		331,330	**341,936**
Non-current			
Deferred revenue		26,817	32,851
Pension plans and employee-related liabilities	10	245,864	239,651
Programming liability		28,962	33,184
Bonds payable		229,249	236,851
Obligations under finance leases		13,568	16,581
Notes payable		90,278	93,784
Deferred capital funding	12	528,169	531,295
		1,162,907	**1,184,197**
Equity			
Retained earnings		273,218	344,628
Total equity attributable to the Corporation		**273,218**	**344,628**
Non-controlling interests		**495**	**495**
TOTAL EQUITY		**273,713**	**345,123**
TOTAL LIABILITIES AND EQUITY		**1,767,950**	**1,871,256**

Commitments (NOTE 16)

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

In thousands of Canadian dollars, unless otherwise noted

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

	NOTE	For the three months ended June 30 2016	2015
REVENUE	11		
Advertising		54,097	56,998
Subscriber fees		33,112	33,317
Other income		24,872	25,448
Financing income		2,525	2,758
		114,606	**118,521**
EXPENSES			
Television, radio and digital services costs		328,595	338,593
Transmission, distribution and collection costs		16,864	17,038
Corporate management		2,560	2,525
Payments to private stations		213	591
Finance costs		6,820	7,432
Share of results in associate	8	(781)	(1,371)
		354,271	**364,808**
Operating loss before Government funding and non-operating items		**(239,665)**	**(246,287)**
GOVERNMENT FUNDING	12		
Parliamentary appropriation for operating expenditures		199,000	144,000
Parliamentary appropriation for working capital		1,000	1,000
Amortization of deferred capital funding		23,126	24,163
		223,126	**169,163**
Results before non-operating items		**(16,539)**	**(77,124)**
NON-OPERATING ITEMS			
Gain (loss) on disposal of property and equipment and intangibles	6, 7	(1,402)	1,070
		(1,402)	**1,070**
Net results for the period		**(17,941)**	**(76,054)**
Net results attributable to:			
The Corporation		(17,940)	(76,073)
Non-controlling interests		(1)	19
		(17,941)	(76,054)

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

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

	NOTE	For the three months ended June 30 2016	2015
COMPREHENSIVE INCOME (LOSS)			
Net results for the period		(17,941)	(76,054)
Other comprehensive income (loss) - not subsequently reclassified to net results			
Remeasurements of defined benefit plans	10	(53,470)	181,505
Total comprehensive income (loss) for the period		**(71,411)**	**105,451**
Total comprehensive income (loss) attributable to:			
The Corporation		(71,410)	105,432
Non-controlling interests		(1)	19
		(71,411)	**105,451**

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

In thousands of Canadian dollars, unless otherwise noted

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

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

		Retained earnings and total equity attributable to the Corporation	Non-controlling interests	**Total**
Balance as at March 31, 2015		375,976	541	376,517
Changes in the period				
Net results for the period		(76,073)	19	(76,054)
Remeasurements of defined benefit plans	*10*	181,505	-	181,505
Total comprehensive income for the period		**105,432**	**19**	**105,451**
Balance as at June 30, 2015		**481,408**	**560**	**481,968**

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

In thousands of Canadian dollars, unless otherwise noted

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	NOTE	For the three months ended June 30	
		2016	2015
CASH FLOWS (USED IN) FROM			
OPERATING ACTIVITIES			
Net results for the period		(17,941)	(76,054)
Adjustments for:			
(Gain) loss on disposal of property and equipment and intangibles	6, 7	1,402	(1,070)
Financing income		(2,525)	(2,758)
Finance costs		6,820	7,432
Change in fair value of financial instruments designated at fair value through profit and loss	14	19	186
Depreciation of property and equipment	6	25,267	25,789
Amortization of intangible assets	7	1,591	1,636
Depreciation of assets under finance leases		1,876	1,898
Share of results in associate	8	(781)	(1,371)
Change in deferred charges		(1,023)	347
Change in programming asset [non-current]	5	5,742	6,099
Change in programming liability [non-current]	5	(4,547)	(5,235)
Amortization of deferred capital funding	12	(23,126)	(24,163)
Change in deferred revenue [non-current]		(6,336)	(6,839)
Change in pension plan asset [non-current]	10	61,399	(152,900)
Change in pension plans and employee-related liabilities [current]	10	8,498	10,017
Change in pension plans and employee-related liabilities [non-current]	10	(47,257)	170,782
Accretion of promissory notes receivable		(5)	(5)
Movements in working capital	13	(66,096)	(43,896)
		(57,023)	**(90,105)**
FINANCING ACTIVITIES			
Repayment of obligations under finance leases		(2,799)	(2,548)
Repayment of bonds		(7,060)	(6,557)
Repayment of notes		(3,367)	(3,214)
Distributions to non-controlling interests		1	-
Interest paid		(12,209)	(13,004)
		(25,434)	**(25,323)**
INVESTING ACTIVITIES			
Parliamentary appropriations for capital funding	12	20,000	10,000
Additions to property and equipment	6	(11,994)	(18,258)
Additions to intangible assets	7	(2,916)	(3,685)
Net proceeds from disposal of property and equipment	6	96	7,328
Collection of promissory notes receivable		639	597
Collection of finance leases receivable		677	631
Dividends received	8	1,371	1,371
Interest received		2,067	2,366
		9,940	**350**
Change in cash		**(72,517)**	**(115,078)**
Cash, beginning of the period		**156,465**	**214,884**
Cash, end of the period		**83,948**	**99,806**

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, 2016 (UNAUDITED)

1. GENERAL INFORMATION

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

A. STATEMENT OF COMPLIANCE

The Corporation has prepared these condensed interim consolidated financial statements as required by Section 131.1 of the *Financial Administration Act* which requires most parent Crown Corporations to prepare and make public quarterly financial reports in compliance with the Treasury Board Standard on Quarterly Financial Reports for Crown Corporations. These condensed interim financial statements also comply with IAS 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board (IASB) and adopted by the Accounting Standards Board (AcSB).

These condensed interim consolidated financial statements have not been audited or reviewed by the Corporation's external auditor. They have been authorized for issuance by the Board of Directors on August 25, 2016.

B. BASIS OF PREPARATION

Basis of Presentation

As permitted under IAS 34, these interim consolidated financial statements are presented on a condensed basis and therefore do not include all disclosures that would otherwise be required in a full set of financial statements. These condensed interim consolidated financial statements are intended to provide an update on the latest complete set of audited annual financial statements for the year ended March 31, 2016. Accordingly, they should be read in conjunction with the audited annual consolidated financial statements for the year then ended.

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

The accounting policies used in the preparation of these condensed interim consolidated financial statements are consistent with those disclosed in the Corporation's audited annual consolidated financial statements, except for the application of new standards, amendments and interpretations effective for the Corporation's year end beginning on April 1, 2016. The accounting policies have been applied consistently to all periods presented, unless otherwise noted.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Corporation and the functional currency of the entities that are consolidated.

Seasonality

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

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Corporation, its subsidiaries, ARTV and Documentary Channel (*documentary*), and two structured entities, the Broadcast Centre Trust and the CBC Monetization Trust.

Key sources of Estimation Uncertainty and Critical Judgments

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

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

There have been no changes made to the Corporation's key estimates or critical judgments since the Corporation's last audited annual consolidated financial statements at March 31, 2016.

In thousands of Canadian dollars, unless otherwise noted

3. New and Future Changes in Accounting Policies

A. Adoption of New and Revised International Financial Reporting Standards

The following new pronouncement issued by the IASB or the IFRS Interpretations Committee was adopted by the Corporation effective April 1, 2016.

Standard	Description	Impact	Effective Date
Amendments to IAS 1 Presentation of financial statements - Disclosure initiative	Issued to improve the effectiveness of presentation and disclosure in financial statements, with the objective of reducing immaterial note disclosures.	No material impact from adopting this standard.	January 1, 2016, applied prospectively.

B. Future Accounting Changes

The IASB has issued the following new standards and amendments to existing standards that were not yet effective and not applied as at June 30, 2016, which could potentially impact the consolidated financial statements of the Corporation. The Corporation does not anticipate early adoption of these standards at this time.

Standard	Description	Impact	Effective Date
IFRS 9 *Financial Instruments*	Issued to replace IAS 39 *Financial instruments: recognition and measurement* and all previous versions of IFRS 9. Classification, measurement and disclosure of financial instruments 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. Includes a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.	The Corporation is reviewing the standard to determine the potential impact, if any.	January 1, 2018, applied retrospectively with certain exceptions.
IFRS 15 *Revenue from Contracts with Customers* and Clarification to IFRS 15 *Revenue from Contracts with Customers*	Issued to replace IAS 18 *Revenues* and IAS 11 *Construction contracts* and the related Interpretations when it becomes effective. It provides guidance on the recognition of revenue from contracts with customers, including multiple-element arrangements and transactions not previously addressed comprehensively, and enhanced disclosures about revenue. Revenue to be recognized when an entity transfers goods or services to a customer based upon the amount of consideration to which the entity expects to be entitled to from the customer. Goods or services transferred when the customer has control of them. Extensive new qualitative and quantitative disclosures designed to help users of financial statements understand the nature, amount, timing and uncertainty of revenue.	The Corporation is reviewing the standard as amended in April 2016 by the IASB to determine the potential impact.	January 1, 2018, applied retrospectively, with certain practical expedients available.
IFRS 16 *Leases*	Supersedes IAS 17 *Leases* and related interpretations. Eliminates the classification of leases as either operating or finance leases for a lessee as all leases are treated in a similar way to finance leases when applying IAS 17. Expected increase in leased assets and financial liabilities. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained.	The Corporation is reviewing the standard to determine the potential impact.	January 1, 2019, applied retrospectively, with certain practical expedients available.
Amendments to IAS 7 *Statement of Cash Flows*	Issued to require a reconciliation of the opening and closing financial position for each item for which cash flows have been, or would be, classified as financing activities, excluding equity items. Additional disclosures about matters that are relevant to understanding the entity's liquidity, such as restrictions that affect the decisions of an entity to use cash and cash equivalent balances.	The Corporation is reviewing the standard to determine the potential impact, if any.	January 1, 2017, applied prospectively.

In thousands of Canadian dollars, unless otherwise noted

4. TRADE AND OTHER RECEIVABLES

	June 30, 2016	March 31, 2016
Trade receivables	112,815	123,121
Allowance for doubtful accounts	(2,023)	(2,058)
Other	16,251	15,307
	127,043	**136,370**

Trade receivables disclosed above include amounts (see table A below) 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.

A. AGE OF TRADE RECEIVABLES THAT ARE PAST DUE BUT NOT IMPAIRED

	June 30, 2016	March 31, 2016
31 - 60 days	20,415	35,314
61 - 90 days	13,990	673
Over 90 days	19,941	13,874
Total	**54,346**	**49,861**

B. MOVEMENT IN ALLOWANCE FOR DOUBTFUL ACCOUNTS

	June 30, 2016	March 31, 2016
Opening balance	(2,058)	(2,683)
Amounts written off during the period as uncollectible	11	571
Impairment losses reversed	125	1,113
Net increase in allowance for new impairments	(101)	(1,059)
Balance, end of the period	**(2,023)**	**(2,058)**

5. PROGRAMMING

A. PROGRAMMING BY CATEGORY

	June 30, 2016	March 31, 2016
Completed programs	64,804	61,076
Programs in process of production	133,795	63,524
Broadcast rights available for broadcast within the next twelve months	104,057	113,227
	302,656	**237,827**
Broadcast rights not available for broadcast within the next twelve months	102,484	107,629
	405,140	**345,456**

B. MOVEMENT IN PROGRAMMING

	June 30, 2016	March 31, 2016
Opening balance	345,456	310,290
Additions	296,712	990,842
Programs broadcast	(237,028)	(955,676)
Balance, end of the period	**405,140**	**345,456**

The programming write-offs included in the Programs broadcast line in the above table for the three months ended June 30, 2016, amount to $0.2 million (2015 – $0.3 million). Programming write-offs are mainly due to terminated projects, programming not suitable for telecast or pilots not progressing into a series.

In thousands of Canadian dollars, unless otherwise noted

6. PROPERTY AND EQUIPMENT

A. COST AND ACCUMULATED DEPRECIATION

	Land	Buildings	Leasehold improvements	Technical equipment	Other	Uncompleted capital projects	Total
Cost as at March 31, 2016	174,306	555,422	63,878	1,075,623	147,203	39,970	2,056,402
Additions	-	-	-	3,115	1,908	6,971	11,994
Transfers (refer to Note 7)	-	2,231	(111)	5,094	1,981	(8,134)	1,061
Assets classified as held for sale	-	-	-	-	-	-	-
Disposals and write-offs	8	(817)	-	(10,812)	(1,635)	(31)	(13,287)
Cost as at June 30, 2016	**174,314**	**556,836**	**63,767**	**1,073,020**	**149,457**	**38,776**	2,056,170
Accumulated depreciation as at March 31, 2016	-	(234,131)	(32,799)	(796,491)	(107,912)	-	(1,171,333)
Depreciation for the period	-	(7,749)	(932)	(13,586)	(3,000)	-	(25,267)
Reclassification of depreciation on assets classified as held for sale	-	-	-	-	-	-	-
Reclassification of depreciation on disposals and write-offs	-	717	-	10,322	1,576	-	12,615
Accumulated depreciation as at June 30, 2016	**-**	**(241,163)**	**(33,731)**	**(799,755)**	**(109,336)**	**-**	(1,183,985)
Net carrying amount as at June 30, 2016	**174,314**	**315,673**	**30,036**	**273,265**	**40,121**	**38,776**	872,185

	Land	Buildings	Leasehold improvements	Technical equipment	Other	Uncompleted capital projects	**Total**
Cost as at March 31, 2015	174,552	553,585	53,253	1,129,557	139,591	42,034	**2,092,572**
Additions	-	10	-	11,390	4,998	76,240	**92,638**
Transfers (refer to Note 7)	6	14,237	10,625	46,746	11,588	(78,304)	**4,898**
Assets classified as held for sale	(257)	(5,472)	-	-	-	-	**(5,729)**
Disposals and write-offs	5	(6,938)	-	(112,070)	(8,974)	-	**(127,977)**
Cost as at March 31, 2016	**174,306**	**555,422**	**63,878**	**1,075,623**	**147,203**	**39,970**	**2,056,402**
Accumulated depreciation as at March 31, 2015	-	(209,726)	(28,864)	(847,406)	(103,824)	-	**(1,189,820)**
Depreciation for the year	-	(30,461)	(3,935)	(56,097)	(11,749)	-	**(102,242)**
Reclassification of depreciation on assets classified as held for sale	-	2,790	-	-	-	-	**2,790**
Reclassification of depreciation on disposals and write-offs	-	3,266	-	107,012	7,661	-	**117,939**
Accumulated depreciation as at March 31, 2016	**-**	**(234,131)**	**(32,799)**	**(796,491)**	**(107,912)**	**-**	**(1,171,333)**
Net carrying amount as at March 31, 2016	**174,306**	**321,291**	**31,079**	**279,132**	**39,291**	**39,970**	**885,069**

The contractual commitments for the acquisition of property and equipment are $37.3 million as at June 30, 2016 (March 31, 2016 – $21.0 million).

B. IMPAIRMENT AND OTHER CHARGES

During the first quarter of 2016-2017, the Corporation recorded an impairment loss of $0.8M (2015 – nil) in its Condensed Consolidated Statement of Income (Loss) on certain assets held for sale. There were no impairment losses reversed during the three months ended June 30, 2016 (2015 – nil).

C. ASSETS CLASSIFIED AS HELD FOR SALE

Consistent with the Corporation's financial plan to reduce its real estate footprint, several properties were classified as held for sale for accounting purposes as at June 30, 2016 that have a total carrying value of $2.7 million (March 31, 2016 – $3.5 million). These properties are expected to be sold on a site by site basis over the next twelve months.

D. DISPOSALS

There were no significant disposals during the first quarter of 2016-2017.

Other net gains and losses during the three months ended June 30, 2016 resulted from the disposal or retirements of equipment as part of the Corporation's normal asset refresh cycle.

In thousands of Canadian dollars, unless otherwise noted

7. INTANGIBLE ASSETS

	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost as at March 31, 2016	140,760	32,191	12,903	185,854
Additions	-	209	2,707	2,916
Transfers (refer to Note 6)	387	1,237	(2,685)	(1,061)
Disposals and write-offs	-	(46)	-	(46)
Cost as at June 30, 2016	**141,147**	**33,591**	**12,925**	187,663
Accumulated amortization as at March 31, 2016	(137,827)	(19,270)	-	(157,097)
Amortization for the period	(322)	(1,269)	-	(1,591)
Reclassification of amortization on disposals and write-offs	-	43	-	43
Accumulated amortization as at June 30, 2016	**(138,149)**	**(20,496)**	**-**	(158,645)
Net carrying amount as at June 30, 2016	**2,998**	**13,095**	**12,925**	29,018

	Internally developed software	Acquired software	Uncompleted capital projects	**Total**
Cost as at March 31, 2015	140,594	26,602	9,499	**176,695**
Additions	-	251	14,902	**15,153**
Transfers (refer to Note 6)	681	5,919	(11,498)	**(4,898)**
Disposals and write-offs	(515)	(581)	-	**(1,096)**
Cost as at March 31, 2016	**140,760**	**32,191**	**12,903**	**185,854**
Accumulated amortization as at March 31, 2015	(137,090)	(14,281)	-	**(151,371)**
Amortization for the year	(1,252)	(5,132)	-	**(6,384)**
Reclassification of amortization on disposals and write-offs	515	143	-	**658**
Accumulated amortization as at March 31, 2016	**(137,827)**	**(19,270)**	**-**	**(157,097)**
Net carrying amount as at March 31, 2016	**2,933**	**12,921**	**12,903**	**28,757**

There were no impairment losses recorded or reversed during the three months ended June 30, 2016 (2015 – nil).

8. INVESTMENT IN ASSOCIATE

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

SiriusXM's fiscal year end is August 31, which differs from that of the Corporation. IAS 28, *Investments in Associates and Joint Ventures*, limits the difference between the end of the reporting period of an associate and that of the investor to no more than three months. As such, the Corporation has included its portion of the interim results of SiriusXM for the period up to May 31, 2016, which falls within the allowed three month window. This corresponds to the latest information available for SiriusXM that can be disclosed publicly. IAS 28 also requires an adjustment to results for any significant transactions that occur during the intervening period. No such adjustments were necessary for the quarter ended June 30, 2016 (2015 – nil).

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

	Ownership interest held[1]		Voting interest held		Quoted Fair Value[2]		Carrying Amount		Dividends received[3]	
	June 30, 2016	March 31, 2016	**June 30, 2016**	March 31, 2016	**June 30, 2016**	March 31, 2016	**June 30, 2016**	March 31, 2016	**June 30, 2016**	June 30, 2015
SiriusXM	10.15%	10.15%	9.63%	9.64%	$59.7M	$60.5M	1,906	2,496	$1.4M	$1.4M

[1] As at June 30, 2016, the Corporation held 13,056,787 Class A Subordinate Voting Shares in SiriusXM.

[2] The quoted market value (fair value) was based on unadjusted quoted prices in active markets (Level 1).

[3] SiriusXM has a policy to pay dividends on a quarterly basis, as well as to issue special dividends at their discretion. For the three months ended June 30, 2016, there was no receipt of special dividends (2015: none).

In thousands of Canadian dollars, unless otherwise noted

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

	June 30, 2016	March 31, 2016
Opening balance	2,496	-
Share of results in associate[1]	781	7,980
Dividends received[1]	(1,371)	(5,484)
Balance, end of the period	**1,906**	**2,496**

[1] Total dividends received during the three months ended June 30, 2016 amounted to $1.4 million (2015 - $1.4 million). For the three months ended June 30, 2016, an equity pick-up of $0.8M was recorded and the dividends received of $1.4M reduced the investment carrying value to $1.9M. For the three months ended June 30, 2015, the excess of dividends received over the investment carrying value of $1.4 million was recognized in net results under Share of results in associate.

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

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

On May 13, 2016, CBC/Radio-Canada announced its intention to sell its shares by voting in favour of the privatization and recapitalization transaction undertaken by its associate, Sirius XM Canada Holdings (SiriusXM). The transaction would involve the sale of the Corporation's 10.2% economic interest at $4.50 a share, for expected proceeds of approximately $58 million. The completion of the transaction is expected to take place in 2016-2017, subject to certain regulatory and CRTC approvals. There have been no changes to the terms of this transaction at the date of this report.

9. PROVISIONS

			Restructuring costs	
	Claims and legal proceedings	Environmental	Termination benefits	**Total**
Opening balance	24,196	343	17	24,556
Additional provisions recognized	2,847	-	-	2,847
Provisions utilized	(1,731)	-	-	(1,731)
Reductions resulting from remeasurement or settlement without cost	(301)	(128)	(17)	(446)
Balance, end of the period	**25,011**	**215**	-	**25,226**

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

Litigation is subject to many uncertainties and the outcome of individual matters is not always predictable. Claims that are uncertain in terms of the outcome or potential outflow or that are not measurable are considered to be a contingency and are not recorded in the Corporation's consolidated financial statements. In addition, claims where cash outflows are not probable are considered as contingencies.

At June 30, 2016, the Corporation had provisions amounting to $25 million (March 31, 2016 – $24.2 million) in respect of legal claims. All matters are classified as current as, where estimable, the Corporation is working to resolve these matters within 12 months.

In thousands of Canadian dollars, unless otherwise noted

10. Pension Plans and Employee-Related Liabilities

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

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

	Current		Non-current	
	June 30, 2016	March 31, 2016	June 30, 2016	March 31, 2016
Pension plan asset	-	-	84,007	**145,406**
Pension plan liability	-	-	106,583	102,739
Other post-employment plans	-	-	139,209	136,833
Vacation pay	60,144	55,056	-	-
Termination benefits	11,671	17,310	-	-
Salary-related liabilities	71,035	49,195	72	79
Total pension plan and employee-related liabilties	**142,850**	**121,561**	**245,864**	**239,651**

	June 30, 2016			March 31, 2016		
	Funded pension plan	Unfunded pension plans	Other post-employment plans	Funded pension plan	Unfunded pension plans	Other post-employment plans
Fair value of plan assets	6,653,646	-	-	6,456,327	-	-
Defined benefit obligation	6,569,639	106,583	139,209	6,310,921	102,739	136,833
Net asset (liability) arising from defined benefit obligation	**84,007**	**(106,583)**	**(139,209)**	**145,406**	**(102,739)**	**(136,833)**

B. Significant Actuarial Assumptions

As disclosed in Note 15 Pension Plans and Employee-Related Liabilities of the Corporation's annual consolidated financial statements for the year ended March 31, 2016, at each reporting period end the Corporation reviews its actuarial assumptions to ensure that the net defined benefit liability (asset) recognized in the financial statements is updated for significant changes in assumptions and significant changes arising from one-off events. The impact on the net defined benefit liability (asset) arising from any such changes in assumptions is recognized in other comprehensive income as a remeasurement for the period.

Assumptions – annual rates	June 30, 2016	March 31, 2016
Assumptions for the calculation of pension benefit costs:		
Discount rate	3.75%	3.50%
Assumptions for the calculation of the benefit obligation:		
Discount rate - pension	3.50%	3.75%
Discount rate - long service gratuity	2.75%	3.00%
Discount rate - LTD benefit	2.75%	3.00%
Discount rate - life insurance	3.25%	3.75%

C. Total Cash Payments

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

	For the three months ended June 30	
	2016	2015
Benefits paid directly to beneficiaries	3,224	2,942
Employer regular contributions to pension benefit plans	12,754	13,731
Total cash payments for defined benefit plans	**15,978**	**16,673**

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

In thousands of Canadian dollars, unless otherwise noted

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

	June 30, 2016 Pension plans	June 30, 2016 Other post-employment plans	March 31, 2016 Pension plans	March 31, 2016 Other post-employment plans
Opening defined benefit obligation	6,413,660	136,833	6,565,275	140,339
Current service cost	26,392	1,145	125,661	5,564
Interest cost	59,401	985	227,795	4,049
Contributions from employees	10,414	-	46,064	-
Remeasurements:				
Actuarial losses (gains) arising from changes in demographic assumptions	-	-	-	(627)
Actuarial losses (gains) arising from changes in financial assumptions	244,680	3,470	(271,327)	(3,748)
Actuarial losses (gains) arising from experience adjustments	(4,060)	-	21,888	4,165
Benefits paid	(74,265)	(3,224)	(301,696)	(12,909)
Closing defined benefit obligation	**6,676,222**	**139,209**	**6,413,660**	**136,833**

E. Movements in the Fair Value of Plan Assets

	June 30, 2016 Pension plans	June 30, 2016 Other post-employment plans	March 31, 2016 Pension plans	March 31, 2016 Other post-employment plans
Opening fair value of plan assets	6,456,327	-	6,648,816	-
Administration fees (other than investment management fees)	(1,623)	-	(6,160)	-
Interest income on plan assets	59,549	-	229,510	-
Return on plan assets, excluding interest income	190,490	-	(216,370)	-
Contributions from employees	10,414	-	46,064	-
Contributions from the Corporation	12,754	3,224	56,163	12,909
Benefits paid	(74,265)	(3,224)	(301,696)	(12,909)
Closing fair value of plan assets	**6,653,646**	-	**6,456,327**	-

F. Defined Benefit Plan Costs

Amounts recognized in comprehensive income

	For the three months ended June 30 2016	2015
Current service cost	27,537	32,661
Administration fees (other than investment management fees)	1,623	1,540
Interest cost on defined benefit obligation	60,386	57,902
Interest income on plan assets	(59,549)	(57,378)
Other	130	(164)
Expense recognized in net results	30,127	34,561
Remeasurements recognized in other comprehensive (income) loss	53,470	(181,505)
Total	**83,597**	**(146,944)**

Retained earnings include $346.6 million of cumulative actuarial gains as at June 30, 2016 (March 31, 2016 gains – $400.1 million).

Expense recognized in net results

	For the three months ended June 30 2016	2015
Television, radio and digital services costs	28,922	33,178
Transmission, distribution and collection costs	904	1,037
Corporate management	301	346
Total	**30,127**	**34,561**

In thousands of Canadian dollars, unless otherwise noted

11. REVENUE

	For the three months ended June 30	
	2016	2015
Advertising	54,097	56,998
Subscriber fees	33,112	33,317
Building, tower, facility and service rentals	10,038	10,111
Production revenue	4,337	2,367
Digital programming	3,229	4,855
Retransmission rights	751	750
Program sponsorship	410	479
Other services	712	1,161
Total Rendering of services	**106,686**	**110,038**
Total Financing income	**2,525**	**2,758**
Reciprocal trade revenues other than advertising	5,278	5,466
Foreign exchange gain	130	440
Net loss from the change in fair value of financial instruments	(13)	(181)
Total Revenue	**114,606**	**118,521**

12. GOVERNMENT FUNDING

A. GOVERNMENT FUNDING RECEIVED

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

	For the three months ended June 30	
	2016	2015
Operating funding	199,000	144,000
Capital funding received	20,000	10,000
Working capital funding	1,000	1,000
	220,000	**155,000**

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

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

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

B. DEFERRED CAPITAL FUNDING

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

	June 30, 2016	March 31, 2016
Opening balance	531,295	520,200
Government funding for capital expenditures	20,000	105,692
Amortization of deferred capital funding	(23,126)	(94,597)
Balance, end of the period	**528,169**	**531,295**

In thousands of Canadian dollars, unless otherwise noted

13. Movements in Working Capital

	For the three months ended June 30	
	2016	2015
Changes in Working Capital are comprised of:		
Trade and other receivables	9,241	24,079
Programming asset (current)	(64,829)	(43,303)
Merchandising inventory	214	(14)
Prepaid expenses	3,273	(1,710)
Accounts payable and accrued liabilities	(29,932)	(19,840)
Provisions	670	1,868
Pension plans and employee-related liabilities (current)	12,791	(15,998)
Programming liability (current)	-	-
Deferred revenues (current)	2,476	11,022
	(66,096)	**(43,896)**

14. Financial Instruments

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

	June 30, 2016		March 31, 2016		
	Carrying values	Fair values (Level 2)	Carrying values	Fair values (Level 2)	Note
Financial instruments measured at fair value on a recurring basis:					
Cash	83,948	83,948	156,465	156,465	(a)
Derivative financial instruments					
Stock options (assets)	143	143	151	151	(c)
Forward contracts (liabilities)	170	170	159	159	(b)
Financial instruments measured at amortized cost:					
Trade and other receivables	127,043	127,043	136,370	136,370	(a)
Promissory notes receivable (current)	2,697	2,697	2,651	2,651	(a)
Investment in finance lease (current)	3,011	3,011	2,960	2,960	(a)
Accounts payable and accrued liabilities	82,580	82,580	112,512	112,512	(a)
Bonds payable (current)	17,993	17,993	22,269	22,269	(a)
Obligations under finance leases (current)	11,690	11,690	11,476	11,476	(a)
Notes payable (current)	7,465	7,465	8,523	8,523	(a)
Promissory notes receivable (non-current)	40,190	47,848	40,877	48,270	(d)
Investment in finance lease (non-current)	43,647	53,099	44,419	53,507	(d)
Bonds payable (non-current)	229,249	307,542	236,851	317,488	(e)
Obligations under finance leases (non-current)	13,568	13,678	16,581	16,780	(e)
Notes payable (non-current)	90,278	104,081	93,784	107,335	(e)

There have been no transfers between levels during the three months ended June 30, 2016.

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

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

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

(d) 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.

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

In thousands of Canadian dollars, unless otherwise noted

15. RELATED PARTIES

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

	For the three months ended June 30			
	Rendering of services		Receipt of services	
	2016	2015	2016	2015
Associate	551	579	-	-
Other related entities[1]	28	28	-	9
	579	**607**	**-**	**9**

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

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

A. TRANSACTIONS WITH RELATED PARTIES EXCLUDING GOVERNMENT-RELATED ENTITIES

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

	Amounts owed by related parties	
	June 30, 2016	March 31, 2016
Associate	**756**	**579**

There are no amounts owing to related parties at June 30, 2016 (March 31, 2016 – nil).

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

B. OTHER TRANSACTIONS WITH ASSOCIATE

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

C. TRANSACTIONS WITH GOVERNMENT-RELATED ENTITIES

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

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

16. COMMITMENTS

Commitments are discussed in Note 27 Commitments of the Corporation's consolidated financial statements for the year-ended March 31, 2016. Commitments for the purchase of property and equipment this quarter are disclosed within Note 6.A Property and Equipment of this report. There were no other material changes to commitments during the first quarter of 2016-2017.