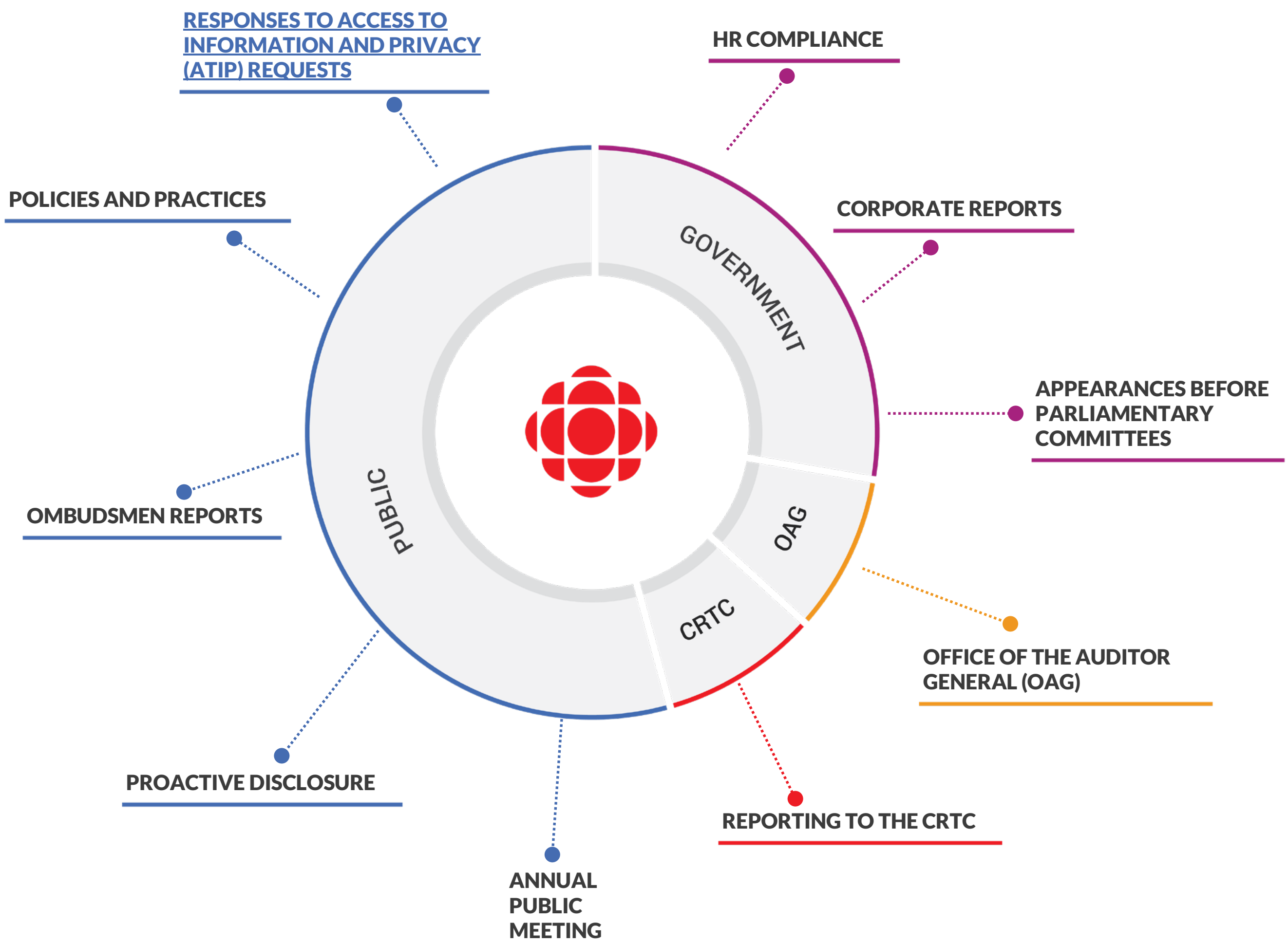
Q3

THIRD QUARTER FINANCIAL REPORT 2018 2019

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 third quarter of 2018-2019, and should be read in conjunction with our most recent Annual Report. In keeping with our commitment to transparency and effective oversight of public funds, we are pleased to present this quarterly report for the third quarter ended December 31, 2018. We have organized our MD&A in the following key sections:

In this MD&A of financial condition and results of operations, *we, us, our* and *the Corporation* mean CBC/Radio-Canada. Refer to CBC/Radio-Canada's Condensed Interim Consolidated Financial Statements for the quarter ended December 31, 2018 when reading this MD&A.

All amounts in this MD&A are in thousands of Canadian dollars, except where noted.

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

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

Seasonality - The majority of our 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 less volatile quarter-to-quarter. Operating expenses also tend to follow a seasonal pattern because they are also influenced by the programming schedule. Revenue and expenses are higher in quarters where we cover significant events such as the Olympics. Government appropriations are recognized in income based on the annual budget, which reflects seasonal impacts on expenditures and revenue.

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

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

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

FINANCIAL HIGHLIGHTS

REVENUE

Q3

2018-2019 : $ 137.3 M

2017-2018 : $ 139.9 M

↓ $2.6 M / ↓ 1.9%

Revenue from ongoing activities decreased by 1.9% this quarter. As the advertising market continues to shift towards digital platforms, our conventional advertising revenue remains challenged, primarily in our English markets.

GOVERNMENT FUNDING

Q3

2018-2019 : $ 303.8 M

2017-2018 : $ 303.6 M

↑ $0.2M / ↑ 0.1%

Government funding recognized this quarter was consistent with the third quarter of last year.

EXPENSES

Q3

2018-2019 : $ 454.7 M

2017-2018 : $ 458.2 M

↓ $3.5 M / ↓ 0.8%

Our expenses decreased by 0.8% this quarter. This decrease was mostly driven by lower TV programming costs from airing less original content in the fall schedule relative to last year. These lower programming expenses were partly offset by continued investment in digital content and initiatives.

	For the three months ended December 31			For the nine months ended December 31		
	2018	2017	% change	**2018**	2017	% change
Revenue	137,261	139,852	(1.9)	359,099	372,254	(3.5)
Government funding	303,846	303,550	0.1	871,499	834,834	4.4
Expenses	454,661	458,189	(0.8)	1,235,483	1,242,796	(0.6)
Results before other gains and losses	**(13,554)**	**(14,787)**	**8.3**	**(4,885)**	**(35,708)**	**86.3**
Net results under IFRS for the period	**(13,592)**	**(14,210)**	**4.3**	**(2,855)**	**10,465**	**N/M**
Results on a Current Operating Basis[1]	**9,363**	**11,379**	**(17.7)**	**31,248**	**56,581**	**(44.8)**

N/M = not meaningful

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

Changes in revenue, government funding and expenses as highlighted above were the key drivers of the 4.3% increase in **net results under IFRS** to a loss of $13.6 million this quarter.

Third quarter **results on a Current Operating Basis** were a gain of $9.4 million compared to a gain of $11.4 million last year. In both periods, results on a Current Operating Basis were higher than the IFRS results because the IFRS results include other non-cash expenses and some revenue items not expected to require or generate operating funds in the short term.

On a year-to-date basis, our **net results under IFRS** and our **net results on a Current Operating Basis** decreased. Last year's results were comparatively higher because of a $54.5 million gain from selling our remaining investment in Sirius XM Canada Holdings Inc. and an $8.0 million loss from selling the Maison de Radio-Canada premises in Montreal. Year-to-date results are discussed further in the *Discussion of Results*.

BUSINESS HIGHLIGHTS

CONTENT AND SERVICES

With a slate of diverse programming across innovative platforms, and our submission to the government-appointed panel as it prepares to undertake its review of the *Broadcasting Act*, the *Telecommunications Act* and the *Radiocommunication Act*, we engaged with many of Canada's communities and many of our stakeholders this quarter. From urban to rural, among people of every race, gender, and faith, and age, in the digital space and in physical communities, the national public broadcaster continues to play a strong role in the lives of Canadians.

ENGLISH SERVICES

This quarter, CBC offered something for everyone across its platforms. CBC Gem - CBC's enhanced digital streaming service – was unveiled in December. As Canada's destination for acclaimed Canadian programming and best-in-class content from around the world, CBC Gem offers more than 4,000 hours of live and on-demand programming for free. It is home to 14 CBC channels, local newscasts and French-language programming from ICI TÉLÉ, and is truly where to watch the best of what Canada has to offer. Ad-free premium memberships are available and include a live stream of CBC News Network.

CBC Television's fall season launched two new Canadian shows. *From the Vaults* drew from our musical archives collection and found a treasure trove of live performances and interviews with Canadian musical legends across genres and eras. Meanwhile, *In the Making* shines a spotlight on modern voices in Canadian art, highlighting the incredible talent in Canada's arts communities coast to coast to coast.

CBC also launched a full seasonal slate of podcasts for the first time this quarter – maintaining our position as Canada's #1 podcast publisher.[1] This season's selection of podcasts has something for every taste, from true crime, to comedy, to investigative journalism and even a place for teens to share their thoughts on world issues. The result? A record downloads number of 27.2 million in November.[2]

Out on the road, CBC Radio's sold-out Massey Lecture series saw author Tanya Talaga speak to Canadians across the country, exploring the legacy of cultural genocide against Indigenous peoples and communities, the need for Indigenous self-determination in social, cultural and political arenas, and the question of who they are and where they are headed as Indigenous peoples and communities.

CBC News worked to bring our world-class journalism to more digital spaces including the launch of a SnapChat channel, and CBC *Front Burner*, a daily podcast reflecting on current headlines. *Front Burner* was mentioned by The New York Times as a news podcast worth a listen.

Selected from different cities, departments and work experiences, the 2018 class of the Developing Emerging Leaders program graduated in December. All of these exceptional employees share the desire to be a leader and to do it well. This program strives to equip diverse employees with insights, tools and strategies to advance their careers to the next level.

FRENCH SERVICES

In the third quarter, we continued to successfully roll out key priorities from our 2018–2019 business plan. We worked tirelessly to connect with a wider range of Canadians and their communities thanks to high-impact, cross-platform programming and a compelling digital experience.

The diversity of Indigenous life continues to be prominently reflected across all of our platforms. In October, Radio-Canada.ca published *Je suis Gladys*, an extensive online feature produced by ICI Ottawa-Gatineau. In November and December, we also offered a major eight-part radio series *L'appel du Nord*, produced by ICI PREMIÈRE.

Our digital audio strategy for radio is also taking shape. The ICI Musique Classique web radio celebrated its first anniversary, reaching even more audiences, whether listening in the car, via HD radio (in greater Montreal), or at home using smart speakers. Our number of original podcasts continues to grow rapidly, with news and current affairs offerings like *Ça s'explique*, and unique creative formats including the audio cartoon *Paul dans le Nord*; and *Rap carcéral* (in partnership with Vice).

Growth expectations for ICI TOU.TV and EXTRA materialized this quarter - both in terms of subscriber numbers and length of time subscribers are tuning in. The different aspects of our strategy are yielding positive results from our premium content (*Plan B* this season), with an emphasis on web-first and web-distinctive formats like *BéBéatrice* and *Les éphémères*, to partnerships for French-speaking audiences with some Télé-Québec content now available on ICI TOU.TV EXTRA.

[1] Source: The Canadian Podcast Listener 2018 (June 2018).
[2] Source: SumoLogic (November 2018).

The holiday season is always an opportunity for Radio-Canada to provide signature programming and bring audiences together: for culture and great storytelling on ICI ARTV (*Faire œuvre utile* and *Génie: Picasso*); for curiosity and exploration on ICI EXPLORA, available in free preview (*Le gros laboratoire*); for personalities and the diversity of voices on ICI PREMIÈRE (*Boucar et Bouchard à la chapelle* and *Ça prend un village*); and, for New Year's Eve family viewing on ICI TÉLÉ. Year after year, this much-anticipated evening of televised entertainment continues to shatter its own ratings records, particularly for the 50th edition of the *Bye Bye*.

In addition, we continue to foster a culture of innovation with the help of partners and various innovation communities. In October, we opened our doors for a day-long series of talks and discussions on the subject – *The Future Is Not Fiction*. We also teamed up with Radio-France to hold a joint Idea Accelerator initiative, *Créez la radio de demain pour les auditeurs de demain*.

PEOPLE AND CULTURE

This quarter, we published our 2017-2018 annual reports on Official Languages, Multiculturalism, and Employment Equity. These three reports highlight our recent initiatives aimed at promoting our two official languages across the country, raising awareness among employees about unconscious bias, and strengthening our employment equity record. Together, these reports help shine a light on the efforts of our community of employees, who continue to lead change to make CBC/Radio-Canada a stronger, more diverse and inclusive national public broadcaster.

The results of CBC/Radio-Canada's 4th Dialogue Employee Engagement Survey were published this quarter. This annual initiative gives employees the opportunity to share their views on our working environment, their individual work and how it connects to where we're going as an organization. It also allows us to create a snapshot every year of where we stand as an organization, as well as our level of engagement about the work we do here. The participation rate this year was the highest ever at 76%, and the overall results showed improvement on all indicators for a third consecutive year.

TECHNOLOGY AND INFRASTRUCTURE

In Montreal, the ongoing development of the new Maison de Radio-Canada is well on its way, with completion expected in 2020. In Ottawa, the project to update our space and consolidate staff from the Carling Avenue location to the Broadcast Centre on Queen Street reached the halfway mark. Fifty percent of teams have been moved into their refreshed, open spaces, with the remaining teams moving in the next quarter. Our open space work environments, combined with more consistent technology mean staff can more easily collaborate. These open work environments also help reduce our real estate footprint, putting money back where it belongs: into programming for Canadians.

OTHER BUSINESS MATTERS

This quarter, we submitted recommendations to the government-appointed panel as it prepares to undertake its review of the *Broadcasting Act*, the *Telecommunications Act* and the *Radiocommunication Act*. In our submission, we are proposing support for three key initiatives:

- Strengthen public broadcasting as the cornerstone of Canadian culture;
- Strengthen the quality and access to trusted news and information for all Canadians; and
- Strengthen Canadian culture by ensuring that all companies who benefit from our market contribute to the sustainability of Canadian culture.

We also asked that both foreign and domestic digital companies, which are profiting from Canadians' love of content, contribute to the creation of Canadian culture, as traditional broadcasting companies already do, to address the current inequality.

In the third quarter, progress continues on the development of a new 3-year strategic plan. The new plan is expected to be delivered in April, setting out the key areas of strategic focus for CBC/Radio-Canada through to 2022.

During the quarter we announced that Claude Galipeau would be joining us as Executive Vice-President of Corporate Development. Claude started in his role this January. He brings with him deep media and digital experience, business savvy and a keen strategic insight. At a time when our biggest competitors are powerful global digital companies, we need to be partnering with other broadcasters and news organizations, as well as culture groups, creators and international players to ensure a place for Canadian culture here and around the world.

In November, Heather Conway, Executive Vice-President of CBC announced her departure. She has been instrumental in spearheading CBC's digital transformation on all of our platforms and across all genres, helping us meet our *Strategy 2020* goal of doubling our digital reach, two years ahead of schedule. Additionally, her passion for reflecting Canadian diversity in our content and workplace, her creation of new internal leadership programs and an open attitude to tackling difficult subjects has left its mark. Michel Bissonnette, Executive Vice-President of Radio-Canada is currently in the interim role of Executive Vice-President. Barbara Williams will take on the role of Executive Vice-President of CBC on May 1, 2019, bringing with her broad content experience across conventional and specialty TV, radio and digital properties.

Finally, at the end of 2018, Steven Guiton, Executive Vice-President of Media Technology and Infrastructure Services (MTIS) retired from CBC/Radio-Canada, leaving behind an outstanding technology team. Daniel Boudreau was recently named as the team's new leader, starting in February as Executive Vice-President of Media Technology and Infrastructure Services (MTIS). He brings broad business experience in operations and production to the Corporation, especially in the fields of media and information technology.

PERFORMANCE UPDATE

Measuring and assessing CBC/Radio-Canada's performance is an important part of *Strategy 2020*. We do this in two ways: by measuring the perceptions of Canadians and by tracking our success against specific measurable targets. Our performance measurement framework covers four areas: Mandate and Vision (perception survey indicators), *Strategy 2020* (strategic indicators), Reinvestment Impact Indicators (reported annually), and Media Lines (operational indicators).

OUR PERFORMANCE – MANDATE AND VISION

As Canada's national public broadcaster, establishing metrics to track and assess the perception of our performance is essential to demonstrating our accountability to Canadians. The Mandate and Vision perception survey allows us to monitor Canadian's perceptions of their public broadcaster, and how well they believe our services fulfill both the Corporation's mandate and the vision of *Strategy 2020*. The data is collected via a survey conducted among representative samples of Anglophone and Francophone Canadians.[3]

Highlights based on the latest fall 2018 survey results follow. More detailed results can also be found on our online [interactive dashboard].

84% use at least one CBC/Radio-Canada service in a typical month.

81% of Canadians believe it is very important for Canada to have a national broadcaster like CBC/Radio-Canada.

69% of Canadians strongly agree that there is a clear need and role for CBC/Radio-Canada into the future.

OVER 60% OF CANADIANS STRONGLY BELIEVE THAT CBC/RADIO-CANADA'S PROGRAMMING ...

70%	is of high quality
69%	reflects regions of Canada
67%	is informative
65%	supports the creation of original Canadian content

[3] Source: Mission Metrics Survey, 2018-2019, TNS Canada (1,000 Anglophones and 1,000 Francophones per survey). Surveys are conducted in fall and spring each year. Each result represents the percentage of Canadians who gave CBC/Radio-Canada top marks (i.e., 8, 9 or 10 on a 10-point scale).

OUR PERFORMANCE - *STRATEGY 2020*

The *Strategy 2020* Performance Report tracks the corporate-wide objectives of our current strategic plan. We established long-term targets in 2014 and 2015. Each year, we track our progress toward them with short-term annual targets. Eight key indicators measure progress in four key areas: audience/market, infrastructure, people and financial sustainability.

Our goal is to increase our value and deepen our relationship with all Canadians. With this in mind, four of the eight indicators measure our connection to our audience/market. When we originally launched our strategy, by 2020 we wanted:

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

To support our audience goals, we are transforming our infrastructure, including reducing our real estate footprint by 50% (indicator 5). We are also transforming our workplace, focusing on employee engagement (indicator 6) and better reflecting Canadian diversity (indicator 7). We are becoming more financially sustainable through cost reductions (indicator 8).

Strategy 2020 indicators are presented below.

INDICATORS	RESULTS 2017-2018	TARGETS 2018-2019	RESULTS APR 1 TO DEC 31, 2018	2020 TARGETS
Audience/Market				
1. Importance to me (% very important)[4]	57.1%	58.8%	**57.6%**	75.0%
2. Information programming has diverse opinions and is objective (% who strongly agree)[4]	52.7%	55.0%	**52.2%**	57.0%
3. Digital reach of CBC/Radio-Canada (millions)[5]	18.5	18.0	**20.1**	18.0
4. Monthly digital interactions with CBC/Radio-Canada (millions)[6]	159.1	145.2	**154.9**	95.0
Infrastructure				
5. Reduce real estate footprint (millions of rentable square feet)[7]	3.8	3.7	**3.7**	2.0
People				
6. Employee engagement (% proud to be associated)[8]	85.0%	87.0%	**87.0%**	90.0%
7. Employee diversity (% of new employees)[9]	27.8%	25.4%	**30.1%**	23.2%
Financial				
8. Achieve cost reduction target ($ million)	$93.1	$104.0	**$104.0**[10]	$106.3[11]

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

[4] Source: Mission Metrics Survey, TNS Canada. This is the percentage of Canadians who give us top marks (i.e. 8, 9 or 10 on a 10-point scale). The question for Importance to me (Indicator 1) is "Using a scale from 1 to 10, where 1 means 'Not Important At All' and 10 means 'Very Important' how important would you say the CBC is to you?" Information programming (Indicator 2) is the average of two questions: CBC/Radio-Canada's information programming "reflects a diversity of opinions on a wide range of issues" and "covers major issues in a fair and balanced way."

[5] Source: Unduplicated reach of CBC and Radio-Canada digital platforms. Comscore Media Metrix® Multi-Platform, Total Audience (desktop 2+, mobile 18+), Average of Monthly Unique Visitors from April – December 2018, Canada.

[6] Source: Comscore Media Metrix® Multi-Platform, Total Audience (desktop 2+, mobile 18+), Average of Monthly Visits from April – December 2018, Canada.

[7] 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).

[8] Source: Gallup Consulting, Dialogue 2018 Survey. This is the percentage of employees who are proud to be associated with CBC/Radio-Canada. This is measured as the percentage of employees who responded four to five on a scale of one to five in a representative survey of employees.

[9] This metric is made up of three groups: Indigenous peoples, persons with disabilities, and visible minorities. It is calculated as a percentage of new external hires for positions of 13 weeks or more.

[10] Amount represents cumulative budget reduction on an annual basis.

[11] Target updated to reflect the continuation of our broadcasting of *Hockey Night in Canada* on Saturday night and playoff hockey beyond 2020.

Audience/Market

Indicator 1 and 2: Preliminary perception survey results for importance to Canadians (indicator 1) and information programming (indicator 2) remained comparable to last year, but are currently tracking below their annual targets. Full year results for these indicators will be available at the end of the year.

Indicator 3: Our digital reach continued to trend above its target this quarter. On average each month, 20.1 million Canadians turn to our digital platforms for compelling programming content and as a source of information, especially during significant news events.

Indicator 4: Driven by the coverage of this year's major events, monthly digital interactions increased again this quarter to 154.9 million, trending above its annual target.

Infrastructure

Indicator 5: CBC/Radio-Canada met its 3.7 million rentable square feet (rsf) target earlier this year. An expansion for one of our tenants at the Canadian Broadcast Centre in Toronto was approved this quarter by the federal government for an additional footprint reduction of over 26,000 rsf. A sizeable reduction in our real estate footprint is expected following the move from the current Maison de Radio-Canada premises into a new leased facility on a portion of the same site, scheduled for 2020.

People

Indicator 6: Employee engagement met its annual target as a result of continuous improvements in our organizational climate and work environment.

Indicator 7: At 30.1% in the third quarter, diversity of new employees was above the annual target, and is the highest result we have achieved since launching the initiative. Our vision is to be the media leader in drawing on the wealth of unique Canadian perspectives to shape our content, workplace and workforce. During the quarter we also continued implementing our 2018-2021 Diversity and Inclusion Plan to attract a broader pool of external candidates and improve the retention and advancement of diverse employees, including the newest area of focus, the LGBTQ2+ community.[12]

Financial

Indicator 8: At the end of the third quarter, cost reductions are tracking to reduce costs as budgeted for 2018-2019.

CBC Toronto's Sounds of the Season campaign.

[12] Lesbian, gay, bisexual, transgender, queer, two-spirit and other gender and sexual diversity.

OUR PERFORMANCE - MEDIA LINES

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

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

RADIO-CANADA 2018-2019 RESULTS

INDICATORS	MEASUREMENTS	RESULTS 2017-2018	RESULTS APR 1 TO DEC 31, 2017	RESULTS APR 1 TO DEC 31, 2018	TARGET 2018-2019
Radio					
ICI PREMIÈRE and ICI MUSIQUE	*All-day audience share*[13]	24.4%	24.4%	**26.5%**	23.7%
Television					
ICI TÉLÉ	*Prime-time audience share*[14]	22.7%	21.7%	**21.5%**[15]	21.8%
ICI RDI, ICI ARTV, ICI EXPLORA	*All-day audience share*[16]	4.7%	4.8%	**4.9%**	4.4%
Regional					
ICI PREMIÈRE	*Morning show audience share*[13]	21.6%	21.6%	**22.8%**	19.5%
Téléjournal 18h	*Average minute audience*[16]	356 K	345 K	**352 K**	330 K
Digital					
Radio-Canada digital offering	*Monthly average unique visitors*[17]	4.1 M	3.9 M	**4.7 M**	4.1 M
Revenue[18]					
Conventional, specialty, online		$218 M	$163 M	**$160 M**	$215 M

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

Radio - Record results were achieved for radio measured through fall surveys. This good performance is attributed to the fact that we are reaching more Canadians on a weekly basis and their listening time is relatively stable.

The 50th edition of *Bye Bye* was the most watched edition of all time with a television audience of 4,410,000 / Photo: ICI TÉLÉ

Television – ICI TÉLÉ's prime-time audience share is tracking to target. This result contrasts with a declining conventional TV market.

The combined all-day audience share of our specialty television channels is trending above target and ahead of last year. ICI RDI achieved significant audience levels during the provincial elections.

Regional – Record results were achieved for the morning show across all regional markets. This good performance is also attributed to the reach and stability of listening times.

The *Téléjournal 18h*'s average minute audience is trending above target despite an overall decline in television audiences.

Digital - Radio-Canada's monthly average reach for its digital offering saw a significant increase, notably this quarter following the provincial elections held in Quebec.

Revenue - Radio-Canada revenue is tracking slightly above target after nine months, mainly due to growth in conventional television advertising.

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[13] Source: Numeris, fall survey (diary), Francophones in Quebec, aged twelve years and older. Morning show: Monday-Friday, 6h–9h am.
[14] Source: Numeris, Portable People Meter (PPM), Francophones in Quebec, aged two years and older, ICI TÉLÉ regular season (September to December).
[15] As at December 30, 2018.
[16] Source: Numeris, Portable People Meter (PPM), Francophones in Quebec, aged two years and older, April to December.
[17] Source: Comscore Media Metrix® Multi-Platform, Total Audience (desktop 2+, mobile 18+), Average of Monthly Unique Visitors from April-December, Canada. Radio-Canada digital offering: Radio-Canada.ca, ici.tou.tv, icimusique.ca, rcinet.ca, ici.artv.ca, ici.exploratv.ca and rad.ca.
[18] Includes advertising revenue, subscription revenue and other revenue (e.g. content sales). In 2017-2018, revenue from the PyeongChang 2018 Olympic Winter Games was excluded.

CBC 2018-2019 RESULTS

INDICATORS	MEASUREMENTS	RESULTS 2017-2018	RESULTS APR 1 TO DEC 31, 2017	RESULTS APR 1 TO DEC 31, 2018	TARGET 2018-2019
Radio					
CBC Radio One and CBC Music 5-PPM Market share	*All-day audience share in the 5-PPM Markets*[19]	12.8%	12.6%	**13.3%**	11.3%
CBC Radio One National Reach	*Monthly Average National Reach*[20]	7.7 M	7.9 M	**7.9 M**	7.7 M
CBC Music National Reach	*Monthly Average National Reach*[20]	4.5 M	4.6 M	**4.8 M**	4.5 M
Television					
CBC Television	*Prime-time audience share*[20]	7.6%	5.7%	**4.9%**	5.6%
CBC News Network	*All-day audience share*[20]	1.4%	1.5%	**1.4%**	1.2%
Regional					
TV local 6 PM news	*Average minute audience*[20]	269 K	266 K	**299 K**	230 K
CBC Radio One 5-PPM	*Morning show audience share in the 5-PPM Markets*[19]	15.1%	15.0%	**16.6%**	14.7%
CBC Radio One National Reach	*Morning show audience, Monthly Average National Reach*[20]	3.5 M	3.4 M	**3.6 M**	3.5 M
Digital					
CBC digital offering	*Monthly average unique visitors*[21]	16.1 M	15.7 M	**17.3 M**	15.6 M
Revenue[22]					
Conventional, specialty, online		$295 M	$164 M	**$154 M**	$213 M

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

CBC's *From The Vault* with hosts Amanda Parris and Tom Power. / Photo: CBC

Radio – Radio continues to see growth this year.

Television – Prime time audiences are lower for CBC Television this year, resulting in a share decrease. We are anticipating a stronger fourth quarter with our winter programming schedule.

Regional – Local 6pm news has experienced an overall growth in audience levels across the majority of markets.

Digital – CBC properties continue to have a strong year, with audience growth driven by increased interest across our product suite including CBC Gem, cbc.ca and the CBC News App.

Revenue – Revenue is tracking behind target due to lower conventional advertising sales as the market continues to shift towards digital platforms.

[19] Source: Numeris, Portable People Meter (PPM), persons aged two years and older, in the Toronto, Vancouver, Calgary, Edmonton and Montreal-Anglophone markets. Local Morning Shows: Monday-Friday 6:00-8:30am.
[20] Source: Numeris, Portable People Meter (PPM), persons aged two years and older.
[21] Source: Comscore Media Matrix® Multi-Platform, Total Audience (desktops 2+, mobile 18+), Average of Monthly Unique Visitors from April to December, Canada.
[22] Includes advertising revenue, subscription revenue and other revenue (e.g. content sales). In 2017-2018, revenue from the PyeongChang 2018 Olympic Winter Games was included.

MEASURING OUR CANADIAN CONTENT

Regulatory requirements for Canadian content on television are specified by the Canadian Radio-television and Telecommunications Commission (CRTC), which sets conditions of license for ICI TÉLÉ and CBC Television. As shown in the table below, in the current broadcast year-to-date and in the previous full broadcast year, ICI TÉLÉ and CBC Television exceeded the CRTC's Canadian content conditions of license, both over the whole day and in prime time.

		YEARLY CONDITIONS OF LICENSE	RESULTS SEP 1, 2016 TO AUG 31, 2017	RESULTS SEP 1, 2017 TO AUG 31, 2018
ICI TÉLÉ				
Broadcast day	(Mon-Sun, 6:00 a.m.-12:00 a.m.)	75%	82%	**79%**
Prime time	(Mon-Sun, 7:00 p.m.-11:00 p.m.)	80%	96%	**92%**
CBC Television				
Broadcast day	(Mon-Sun, 6:00 a.m.-12:00 a.m.)	75%	81%	**82%**
Prime time	(Mon-Sun, 7:00 p.m.-11:00 p.m.)	80%	87%	**87%**

En direct de l'univers - New Year's Day special on ICI TÉLÉ. / Photo: ICI TÉLÉ

DISCUSSION OF RESULTS

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

RESULTS UNDER IFRS AND ON A CURRENT OPERATING BASIS

	For the three months ended December 31			For the nine months ended December 31		
	2018	2017	% change	**2018**	2017	% change
Revenue	137,261	139,852	(1.9)	359,099	372,254	(3.5)
Government funding	303,846	303,550	0.1	871,499	834,834	4.4
Expenses	454,661	458,189	(0.8)	1,235,483	1,242,796	(0.6)
Results before other gains and losses	**(13,554)**	**(14,787)**	**8.3**	**(4,885)**	**(35,708)**	**86.3**
Other gains and losses	(38)	577	N/M	2,030	46,173	(95.6)
Net results under IFRS for the period	**(13,592)**	**(14,210)**	**4.3**	**(2,855)**	**10,465**	**N/M**
Items not generating or requiring funds from operations						
Pension and other employee future benefits	14,736	14,349	2.7	42,900	37,737	13.7
Depreciation, amortization and decommissioning expenses, net of amortization of deferred capital funding	193	5,810	(96.7)	1,261	17,365	(92.7)
Other provisions for non-cash items	8,026	5,430	47.8	(10,058)	(8,986)	(11.9)
Results on a Current Operating Basis[1]	**9,363**	**11,379**	**(17.7)**	**31,248**	**56,581**	**(44.8)**

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

3 MONTHS - A loss of $13.6 million, an improvement of $0.6 million (↑ 4.3%) relative to the third quarter last year. Key changes within results were as follows:

- Lower revenue by $2.6 million (↓ 1.9%) due to the effects of a challenging conventional TV advertising market, CBC audience declines in the 25-54 demographic and lower digital sales. In addition, subscriber revenue continues to decrease due to the cord-cutting and cord-shaving trends.
- Lower operating expenses by $3.5 million (↓ 0.8%) mainly due to less original content aired relative to the third quarter last year.

9 MONTHS - A loss of $2.9 million compared to a gain of $10.5 million on a year-to-date basis. Key changes within results as follows:

- Lower revenue by $13.2 million (↓ 3.5%) partly offset by lower operating expenses by $7.3 million (↓ 0.6%).
- Higher government funding recognized in income in the first nine-months this year. Our expected needs for operating funding were comparatively lower last year following the sale of our interest in Sirius XM Canada Holdings Inc. (Sirius XM). In addition, a non-cash increase in the amount of capital funding recognized in income has contributed to the overall increase.

Last year's other gains and losses include a $54.5 million gain on selling our remaining interest in SiriusXM and an $8.0 million loss on selling the MRC premises in Montreal.

RESULTS ON A CURRENT OPERATING BASIS

CBC/Radio-Canada defines Results on a Current Operating Basis as Net results under IFRS less the adjustments for non-cash expenses that will not require operating funds within one year and non-cash revenues that will not generate operating funds within one year. This measure is similar to that used by management to help monitor performance and balance the Corporation's budget 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.

3 MONTHS AND 9 MONTHS - Results on a **Current Operating Basis** of $9.4 million this quarter were lower than last year by $2.0 million (↓ 17.7%). Year-to-date Results on a **Current Operating Basis** of $31.2 million were lower than last year by $25.3 million (↓ 44.8%). These decreases were mostly driven by the gain on the SiriusXM sale and the MRC disposal loss in the prior year, partly offset by higher operating funding recognized this year as discussed above.

REVENUE

	For the three months ended December 31			For the nine months ended December 31		
	2018	2017	% change	**2018**	2017	% change
Advertising						
English Services	34,984	38,103	(8.2)	81,711	89,671	(8.9)
French Services	42,139	41,665	1.1	99,000	97,341	1.7
	77,123	**79,768**	**(3.3)**	**180,711**	**187,012**	**(3.4)**
Subscriber fees						
English Services	16,801	17,359	(3.2)	50,352	51,964	(3.1)
French Services	14,351	14,563	(1.5)	43,036	44,129	(2.5)
	31,152	**31,922**	**(2.4)**	**93,388**	**96,093**	**(2.8)**
Financing, investment and other income						
English Services	9,284	10,293	(9.8)	32,388	33,162	(2.3)
French Services	7,245	6,535	10.9	18,031	21,108	(14.6)
Corporate Services	12,457	11,334	9.9	34,581	34,879	(0.9)
	28,986	**28,162**	**2.9**	**85,000**	**89,149**	**(4.7)**
TOTAL	**137,261**	**139,852**	**(1.9)**	**359,099**	**372,254**	**(3.5)**

Our revenue decreased by $2.6 million (↓ 1.9%) in the third quarter, and decreased by $13.2 million (↓ 3.5 %) on a year-to-date basis (YTD). Significant variances by revenue stream are explained below.

ADVERTISING (Q3: ↓ 3.3%; YTD: ↓ 3.4%;)

Our advertising revenue depends on the different events of significant importance we cover throughout the quarter, the overall health of the advertising market and the success of our programming schedule.

3 MONTHS - The $2.6 million (↓ 3.3%) decrease in advertising revenue this quarter was mainly due to:

- Lower conventional revenue of $1.9 million. CBC's revenue in English markets was down $2.9 million as it remained affected by audience declines in the 25-54 demographic. Radio-Canada performed well in a soft French TV advertising market, with higher TV conventional revenue of $0.9 million.
- Lower digital revenue by $0.7 million, mainly due to a reduction in advertising on Radio-Canada video streams relative to last year.

9 MONTHS – In the first nine months, advertising revenue decreased by $6.3 million (↓ 3.4%) mainly due to:

- Lower conventional revenue of $4.5 million. CBC conventional revenue was affected by the same factors as noted above, while Radio-Canada's TV advertising revenue increased by $2.3 million (↑ 2.6%). In addition to the strong third quarter, Radio-Canada's year-to-date results were helped by a strong first quarter that benefited from the delayed airing of some ICI TÉLÉ programming from the end of last year. This shift in scheduling was due to the broadcast of the PyeongChang 2018 Olympic Winter Games in early February.
- CBC and Radio-Canada are experiencing lower digital advertising sales on a year-to-date basis, down $1.8 million in total (↓ 7.3%). This decrease is mainly due to website redesigns in the first half of the year.

SUBSCRIBER FEES (Q3: ↓ 2.4%; YTD: ↓ 2.8%)

Our subscriber revenue is driven by the rates for our specialty channels and the size of our subscriber base, which is declining due to the adverse effects of the cord-cutting and cord-shaving trends affecting the cable industry.

3 MONTHS AND 9 MONTHS - Our subscriber revenue decreased by $0.8 million (↓ 2.4%) this quarter and by $2.7 million (↓ 2.8%) over the first nine months of the year. The decreases were mainly due to lower subscriber revenue on our specialty channels, primarily CBC News Network and ICI RDI, as subscriber bases continue to decline. These declines are partially offset by growth on our digital subscriber platforms. ICI TOU.TV EXTRA, Curio, and CBC Gem are all growing on both a quarterly and year-to-date basis.

FINANCING, INVESTMENT AND OTHER INCOME (Q3: ↑ 2.9%; YTD: ↓ 4.7%)

Financing, investment and other income depends on the different events and transactions throughout the quarter as it includes production revenue from host broadcasting services and revenue from the sale of content. It also reflects revenue from our rentals, sponsorships and retransmission rights. More information about our revenue streams is provided in note 10 Revenue of our Consolidated Financial Statements.

3 MONTHS – The increase of $0.8 million (↑ 2.9%) in financing, investment and other income this quarter resulted mostly from the recognition of additional royalties in relation to our 2014-2015 retransmission rights, following confirmation in December by the Copyright Board of Canada.

9 MONTHS - The decrease of $4.1 million (↓ 4.7%) in financing, investment and other income on a year-to-date basis resulted from lower retransmission rights income as last year's results included a $4.5 million settlement. In addition, less production revenue from renting out Radio-Canada's premises to independent producers and lower content sales contributed to this decrease. These decreases were partly offset by higher leasing income from renting out excess space in our buildings.

OPERATING EXPENSES

	For the three months ended December 31			For the nine months ended December 31		
	2018	2017	% change	**2018**	2017	% change
Television, radio and digital services costs						
English Services	233,534	241,922	(3.5)	634,745	647,091	(1.9)
French Services	196,955	190,654	3.3	531,900	521,067	2.1
	430,489	**432,576**	**(0.5)**	**1,166,645**	**1,168,158**	**(0.1)**
Other operating expenses						
Transmission, distribution and collection*	16,310	17,574	(7.2)	45,663	50,182	(9.0)
Corporate management	2,924	2,455	19.1	7,851	7,097	10.6
Finance costs	4,938	5,584	(11.6)	15,324	17,359	(11.7)
	24,172	**25,613**	**(5.6)**	**68,838**	**74,638**	**(7.8)**
TOTAL	**454,661**	**458,189**	**(0.8)**	**1,235,483**	**1,242,796**	**(0.6)**

*Transmission, distribution and collection costs now include Payments to private stations. Comparative figures were updated accordingly.

Our total operating expenses decreased by $3.5 million (↓ 0.8%) in the third quarter of 2018-2019 and by $7.3 million (↓ 0.6%) on a year-to-date (YTD) basis. The main variances are noted below.

TELEVISION , RADIO AND DIGITAL SERVICES COSTS (Q3: ↓ 0.5%; YTD: ↓ 0.1%)

Television, radio and digital services costs depend on the different events of importance we cover throughout the quarter and on our ongoing programming schedule. They represent the costs we incur in relation to the production of our programs, including the cost of our technical labour and facilities.

3 MONTHS– The decrease of $2.1 million (↓ 0.5%) in television, radio and digital services costs resulted mostly from lower programming expenses as we aired more original content on CBC in the third quarter of last year. This decrease was partly offset by higher costs incurred by Radio-Canada to enhance its digital content on the ICI TOU.TV platform.

9 MONTHS – Expenses decreased slightly by $1.5 million (↓ 0.1%), mostly due to lower programming expenses as we aired less original content in the first nine months of this year, in particular during the summer period. In addition, last year's costs include some programming costs for Canada 150 and Montreal 375. This decline is partially offset by higher digital expenses this year as we redesigned and expanded the content available on ICI TOU.TV, and enhanced our IT security program. We also incurred additional expenses this year for local services as we covered provincial elections and launched the Indigenous Unit and archives project.

OTHER OPERATING EXPENSES (Q3: ↓ 5.6%; YTD: ↓ 7.8%)

Other operating expenses include costs related to the broadcasting of the Corporation's programs ("transmission, distribution and collection" and "payments to private stations"), corporate management costs and finance costs.

3 MONTHS AND 9 MONTHS - Other operating expenses decreased by $1.4 million (↓ 5.6%) and $5.8 million (↓ 7.8%) when compared to last year's third quarter and year-to-date results. This decrease was mostly the result of lower **transmission, distribution and collection** costs from reduced costs across the business, in particular in relation to our satellite transponders. **Finance costs** also continued to decrease in both periods, consistent with our expectations.

GOVERNMENT FUNDING (Q3: ↑ 0.1%; YTD: ↑ 4.4%)

	For the three months ended December 31			For the nine months ended December 31		
	2018	2017	% change	2018	2017	% change
Parliamentary appropriations for operating expenditures	274,868	279,372	(1.6)	784,567	763,319	2.8
Parliamentary appropriations for working capital	1,001	1,000	0.1	3,001	3,000	0.0
Amortization of deferred capital funding	27,977	23,178	20.7	83,931	68,515	22.5
TOTAL	**303,846**	**303,550**	**0.1**	**871,499**	**834,834**	**4.4**

Parliamentary appropriations for operating expenditures *are recognized based on our expected needs, according to budgeted revenue and expenditures for the period.*

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

3 MONTHS - Parliamentary appropriations for operating expenditures decreased by $4.5 million (↓ 1.6%) in the third quarter, consistent with our expected needs. Amortization of deferred capital funding was higher by $4.8 million (↑ 20.7%) mostly as a result of a change in accounting estimate. For further details about this change and its impact, refer to Note 2.B of our Condensed Interim Consolidated Financial Statements for the third quarter of 2018-2019.

9 MONTHS - Government funding recognized was higher by $36.7 million (↑ 4.4%), in part because our expected needs last year were comparatively lower following the sale of our investment in SiriusXM. In addition, amortization of deferred capital funding is higher by $15.4 million (↑ 22.5%) this year due to the change in accounting estimate mentioned above.

OTHER GAINS AND LOSSES

	For the three months ended December 31			For the nine months ended December 31		
	2018	2017	% change	2018	2017	% change
Gain on sale of shares	-	-	N/M	-	54,462	N/M
Gain (loss) on disposal of property and equipment and intangibles	(38)	577	N/M	2,030	(8,289)	N/M
TOTAL	**(38)**	**577**	**N/M**	**2,030**	**46,173**	**N/M**

N/M = not meaningful

Other gains and losses reflect items that are not considered to be reflective of the standard activities of the Corporation such as the sale of an investment.

3 MONTHS – There were no significant disposals this quarter. The gain of $0.6 million in the third quarter last year was due to the retirement of assets in the regular course of our operations.

9 MONTHS - The $2.0 million gain was mostly driven by a $7.9 million gain on disposing of our property in Calgary (Alberta) and a $2.1 million gain on disposing of a transmission site in Kitchener (Ontario). These gains were partly offset by a write-down of a land asset and other net losses from the retirement of assets in the regular course of our operations.

Last year, the $54.5 million gain on sale of shares resulted from the sale of our remaining interest in SiriusXM following its privatization in May 2017. The sale was completed at $4.50 a share, resulting in net proceeds of $57.6 million. This gain was partly offset by a $8.0 million loss on selling the MRC premises and from other net losses from the retirement of assets in the regular course of our operations.

TOTAL COMPREHENSIVE INCOME (LOSS)

	For the three months ended December 31			For the nine months ended December 31		
	2018	2017	% change	**2018**	2017	% change
Net results for the period	**(13,592)**	**(14,210)**	**(4.3)**	**(2,855)**	**10,465**	**N/M**
Other comprehensive income (loss)						
Remeasurements of defined benefit plans	(94,399)	(21,765)	N/M	277,652	(36,762)	N/M
Total comprehensive income (loss) for the period	**(107,991)**	**(35,975)**	**N/M**	**274,797**	**(26,297)**	**N/M**

N/M = not meaningful

Remeasurements of defined benefit plans 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 (loss) each year.

In addition to net results, total comprehensive income includes remeasurements of defined benefits plans as detailed below.

3 MONTHS – A $94.4 million remeasurement loss was recognized this quarter. This loss was mostly driven by a decrease in plan assets of $126.1 million due to a negative return; partly offset by a $31.7 million reduction of our plan obligations from an increase in the discount rate of 3 basis-points.

In the same period last year, the $21.8 million remeasurement loss was mostly driven by a 34 basis-point decrease in the discount rate, which increased the value of our pension obligations by $401.1 million. This was partly offset by a $379.3 million remeasurement gain on plan assets due to a higher return on plan assets than estimated in our actuarial assumptions.

9 MONTHS - On a year-to-date basis, the improvement in the pension plan's net position of $277.7 million was mainly driven by a 38 basis point increase in the discount rate which reduced the value of plan obligations by $383.1 million. This gain was partly offset by a decrease in plan assets of $105.4 million from lower returns than estimated in our assumptions.

Last year the $36.8 million remeasurement loss was due to higher pension obligations of $368.1 million from a 34 basis-point lower discount rate, partially offset by a $331.3 million gain in plan assets due to a higher return than estimated in our actuarial assumptions.

We discover the Great North like never before in the series *L'appel du Nord* on ICI PREMIÈRE. / Photo: Radio-Canada

CAPITAL RESOURCES, FINANCIAL CONDITION AND LIQUIDITY

REVENUE AND OTHER SOURCES OF FUNDS

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

Government funding: This year, operating funding will be $1,098.0 million, capital funding will be $109.0 million and working capital funding will be $4.0 million.

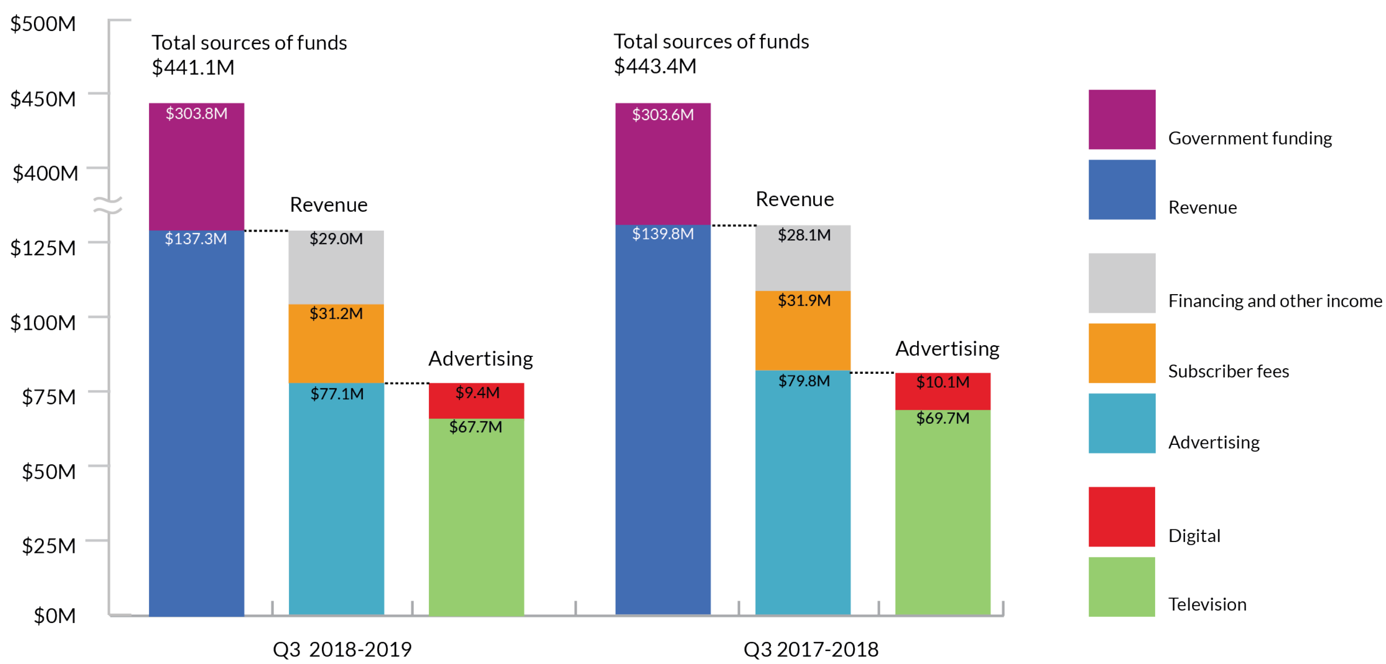
Advertising revenue: This includes both ongoing and events-driven sales of advertising on our conventional television channels, digital platforms, specialty television channels and other platforms. Advertising revenue driven by events can have a material impact on the Corporation's revenue.

Ongoing advertising revenue is decreasing as a proportion of our revenue and sources of funds mainly as a result of the market's shift away from conventional advertising platforms. Despite being a rising source of revenue, digital advertising is not significant enough to offset the decline observed in TV advertising.

Subscriber fees: Fees from our specialty services: CBC News Network, *documentary*, CBC Gem, ICI EXPLORA, ICI ARTV, ICI RDI, the new ICI TOU.TV EXTRA premium package and Curio.ca. Subscriber fees from our traditional platforms are experiencing downward pressure from the continuing cord-cutting and cord-shaving trends 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: Includes both ongoing and events-driven income from activities such as the rental of real estate assets, content sales, leasing of space at our transmission sites, host broadcasting sports events such as Olympic Games or World Championships, retransmission royalties and contributions from the Canada Media Fund.

In the third quarter, our revenue and sources of funds were as follows:



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. Therefore, our assets and liabilities are the assets and liabilities of the Government of Canada.

FINANCIAL CONDITION, CASH FLOWS AND LIQUIDITY

We rely on parliamentary appropriations and the cash generated from commercial operations to fund our operating activities and 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 revenue such as from the sale of advertising on our various platforms.

Our cash balance at December 31, 2018 was $118.3 million, compared to $96.0 million on March 31, 2018.

CASH POSITION

	For the three months ended December 31			For the nine months ended December 31		
	2018	2017	% change	**2018**	2017	% change
Cash - beginning of the period	**133,901**	**127,890**	**4.7**	**95,978**	**131,062**	**(26.8)**
Changes in the period						
Cash from (used in) operating activities	19,362	(19,561)	N/M	61,510	9,299	N/M
Cash used in financing activities	(22,466)	(25,442)	11.7	(45,066)	(54,057)	16.6
Cash from (used in) investing activities	(12,471)	2,687	N/M	5,904	(730)	N/M
Net change	**(15,575)**	**(42,316)**	**63.2**	**22,348**	**(45,488)**	**N/M**
Cash - end of the period	**118,326**	**85,574**	**38.3**	**118,326**	**85,574**	**38.3**

N/M = not meaningful

Cash from /used in operating activities

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

3 MONTHS - This quarter, cash inflows from operating activities was $19.4 million, an increase of $38.9 million compared to the same period last year. Last year we used additional cash to fund new investments in programming and related services. Cash from operations is impacted each period by fluctuations in working capital.

9 MONTHS - On a year-to-date basis, cash inflows from operating activities was $61.5 million compared to $9.3 million last year, an increase of $52.2 million. Last year's cash from operating activities was further reduced by lower parliamentary appropriations recognized following the gain on sale of our remaining interest in SiriusXM.

Cash used in financing activities

3 MONTHS AND 9 MONTHS - Cash outflows for financing activities were lower by $3.0 million (↓ 11.7%) this quarter and by 9.0 million (↓ 16.6%) year-to-date. Cash outflows for financing activities presented above relate primarily to the following:

- Interest payments of $19.2 million year-to-date;
- Repayments of the Broadcast Centre Trust bonds of $18.0 million year-to-date;
- Payments of notes payable of $7.5 million year-to-date; and
- Payments to meet obligations under finance leases of $0.1 million during the quarter and $0.4 million year-to-date. These were lower by $3.0 million this quarter and by $8.7 million year-to-date as our finance lease obligation for satellite transponders ended in February 2018.

Cash from /used in investing activities

Cash from (used in) investing activities includes cash from our drawdowns of parliamentary appropriations for capital expenditures.

3 MONTHS – Cash from investing activities was lower by $15.2 million compared to the third quarter last year. This reduction is mainly due to higher capital acquisitions made this quarter, most notably in relation to the new MRC.

9 MONTHS – On a year-to-date basis, investing activities generated higher net cash by $6.6 million because we used less cash to purchase government bonds this year. This was partly offset by lower proceeds from asset sales in the current year.

RISK UPDATE

As Canada's national public broadcaster, we occupy an important place in the Canadian broadcasting system and face a unique set of risks to our plans and operations. Like all broadcasters, we 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, we also face unique public expectations and financial challenges.

It is our policy to develop, implement and practise effective risk management to ensure risks and opportunities that impact our strategies, objectives and operations are identified, assessed and managed appropriately.

Other than the items noted below, there have been no significant changes to our risk profile since year end. Refer to our 2017-2018 Annual Report for a more detailed assessment of the risks, potential impacts and risk mitigation strategies.

GOVERNMENT'S CULTURAL POLICIES MODERNIZATION AND REGULATORY INITIATIVES

The Government's ongoing modernization of culture policy and legislation could have a significant impact on the organization. On January 11, 2019 we submitted our recommendations to the government-appointed panel, as it prepares to undertake its review of the *Broadcasting Act*, the *Telecommunications Act* and the *Radiocommunication Act*. The panel will issue an interim report in July 2019, followed by a final report in January 2020 containing its recommended legislative changes. These could be implemented as early as 2021.

On October 29, 2018 the CRTC issued its administrative renewal decision for all CBC/Radio-Canada licences. The current conditions of licenses are therefore extended until August 31, 2020.

GOVERNANCE LEADERSHIP CHANGES AND IMPACT TO STRATEGY

In March 2018, we identified the risk that a high turnover of directors or change in leadership at the Senior Executive Team may negatively impact decision-making processes, continuity and stability of *Strategy 2020* and delay the launch of the development of the new Strategy.

The Corporation now has 12 active members at the Board and has implemented a rigorous onboarding process. Two of the three Executive Team vacancies are now filled, and the third will be filled on May 1, 2019. The appointment of an interim successor with strong leadership skills for the remaining vacancy ensures that decision-making processes remain effective, and that the continuity and stability of Strategy implementation and new Strategy development continue.

The Board created the Strategic Planning Committee in order to support the President and CEO's launch of a new three year strategic plan in the spring of 2019 and a full day strategic planning session was held in December 2018.

Artist Lido Pimentia and host Sean O'Neill in Episode 101 of *In The Making*. / Photo: CBC

FINANCIAL REPORTING DISCLOSURE

Our third quarter Condensed Interim Consolidated Financial Statements ("Interim Financial Statements") were prepared in accordance with IFRS, as issued by the IASB, under IAS 34 – *Interim Financial Reporting* and adopted by the Accounting Standards Board (AcSB). They were approved by the Corporation's Board of Directors on February 22, 2019. These Interim Financial Statements were prepared using the same basis of presentation and accounting policies as outlined under Note 2 of the Corporation's Consolidated Financial Statements for the year ended March 31, 2018 except for changes relating to IFRS 9 and IFRS 15 as discussed in Note 3 of our Interim Financial Statements. Our Interim Financial Statements for the quarter ended December 31, 2018 do not include all of the notes required in the annual Consolidated Financial Statements.

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

FUTURE ACCOUNTING STANDARDS

Refer to Note 3 of the Interim Financial Statements for information pertaining to accounting pronouncements that will be effective in future periods and were effective in 2018-2019.

KEY ACCOUNTING ESTIMATES AND CRITICAL JUDGMENTS

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

Since our last audited annual Consolidated Financial Statements for the year ended March 31, 2018, there has been one change to key accounting estimates as discussed below. Our other key accounting estimates and critical judgments are disclosed throughout the notes of our annual Consolidated Financial Statements.

AMORTIZATION OF DEFERRED CAPITAL FUNDING

Since the Corporation's 2018 audited annual financial statements, there has been a change to critical accounting estimates and judgments related to the amount of deferred capital funding amortized into income. The Corporation has reviewed its methodology and made changes to simplify the approach and assumptions required in the estimation process. The impact of this change on the amortization of deferred capital funding has been reflected in this quarter's financial statements. Refer to Note 2.B of the Condensed Interim Consolidated Financial Statements for more details.

TRANSACTIONS WITH RELATED PARTIES

TRANSACTIONS WITH DEFINED BENEFIT PLANS

We made employer contributions to defined benefit plans as discussed in Note 9. We also provided management and administrative services to our defined benefit pension plans.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

Based on our knowledge, these unaudited Condensed Interim Consolidated Financial Statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Corporation, as at the date of and for the periods presented in the Condensed Interim Consolidated Financial Statements.

Catherine Tait,	Judith Purves,
President and Chief Executive Officer	Executive Vice-President and Chief Financial Officer

Ottawa, Canada

February 22, 2019

CONSOLIDATED FINANCIAL STATEMENTS

THIRD QUARTER
FINANCIAL REPORT
2018-2019

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	NOTE	As at December 31 2018	As at March 31 2018
ASSETS			
Current			
Cash		118,326	95,978
Trade and other receivables	*4, 14*	139,400	205,311
Programming	*5*	330,369	259,516
Prepaid expenses		32,012	34,499
Promissory notes receivable		3,208	3,448
Investment in finance lease		3,570	3,394
Bonds receivable		160,787	110,712
Derivative financial instruments		108	-
Assets classified as held for sale		194	283
		787,974	**713,141**
Non-current			
Property and equipment	*6*	747,355	746,838
Intangible assets	*7*	23,565	23,799
Assets under finance leases		5,565	6,016
Pension plan asset	*9*	527,691	302,025
Programming	*5*	37,077	42,984
Promissory notes receivable		32,190	34,616
Investment in finance lease		35,106	37,854
Deferred charges		39,933	38,670
Bonds receivable		-	43,373
		1,448,482	**1,276,175**
TOTAL ASSETS		**2,236,456**	**1,989,316**
LIABILITIES			
Current			
Accounts payable and accrued liabilities		72,612	110,886
Provisions	*8*	29,601	44,856
Pension plans and employee-related liabilities	*9*	194,401	129,117
Programming liability	*5*	10,107	15,151
Bonds payable		20,527	23,624
Obligations under finance leases		581	570
Notes payable		8,242	8,945
Deferred revenue		16,621	19,654
Deferred operating vote drawdown	*11*	47,236	-
		399,928	**352,803**
Non-current			
Deferred revenue		10,703	16,820
Pension plans and employee-related liabilities	*9*	225,370	264,178
Programming liability	*5*	-	5,017
Bonds payable		186,724	204,682
Obligations under finance leases		5,320	5,745
Notes payable		71,553	79,329
Deferred capital funding	*11*	532,387	531,068
		1,032,057	**1,106,839**
TOTAL LIABILITIES		**1,431,985**	**1,459,642**
EQUITY			
Retained earnings		803,841	529,029
Total equity attributable to the Corporation		**803,841**	**529,029**
Non-controlling interests		**630**	**645**
TOTAL EQUITY		**804,471**	**529,674**
TOTAL LIABILITIES AND EQUITY		**2,236,456**	**1,989,316**

Commitments (NOTE 16)

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

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

		Three months ended December 31		Nine months ended December 31	
	NOTE	2018	2017	2018	2017
REVENUE	10				
Advertising		77,123	79,768	180,711	187,012
Subscriber fees		31,152	31,922	93,388	96,093
Other income		26,213	25,494	76,884	81,688
Financing and investment income		2,773	2,668	8,116	7,461
		137,261	**139,852**	**359,099**	**372,254**
GOVERNMENT FUNDING	11				
Parliamentary appropriation for operating expenditures		274,868	279,372	784,567	763,319
Parliamentary appropriation for working capital		1,001	1,000	3,001	3,000
Amortization of deferred capital funding		27,977	23,178	83,931	68,515
		303,846	**303,550**	**871,499**	**834,834**
EXPENSES					
Television, radio and digital services costs		430,489	432,576	1,166,645	1,168,158
Transmission, distribution and collection costs*		16,310	17,574	45,663	50,182
Corporate management		2,924	2,455	7,851	7,097
Finance costs		4,938	5,584	15,324	17,359
		454,661	**458,189**	**1,235,483**	**1,242,796**
Results before other gains and losses		**(13,554)**	**(14,787)**	**(4,885)**	**(35,708)**
OTHER GAINS AND LOSSES					
Gain on sale of shares	12	-	-	-	54,462
Gain (loss) on disposal of property and equipment and intangibles	6, 7	(38)	577	2,030	(8,289)
		(38)	**577**	**2,030**	**46,173**
Net results for the period		**(13,592)**	**(14,210)**	**(2,855)**	**10,465**
Net results attributable to:					
The Corporation		(13,618)	(14,240)	(2,840)	10,450
Non-controlling interests		26	30	(15)	15
		(13,592)	**(14,210)**	**(2,855)**	**10,465**

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

*Transmission, distribution and collection costs now include Payments to private stations. Comparative figures have been updated accordingly.

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

		Three months ended December 31		Nine months ended December 31	
	NOTE	2018	2017	2018	2017
COMPREHENSIVE INCOME (LOSS)					
Net results for the period		(13,592)	(14,210)	(2,855)	10,465
Other comprehensive income (loss) - not subsequently reclassified to net results					
Remeasurements of defined benefit plans	9	(94,399)	(21,765)	277,652	(36,762)
Total comprehensive income (loss) for the period		**(107,991)**	**(35,975)**	**274,797**	**(26,297)**
Total comprehensive income (loss) attributable to:					
The Corporation		(108,017)	(36,005)	274,812	(26,312)
Non-controlling interests		26	30	(15)	15
		(107,991)	**(35,975)**	**274,797**	**(26,297)**

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

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 September 30, 2018		911,858	604	912,462
Changes in period				
Net results for the period		(13,618)	26	(13,592)
Remeasurements of defined benefit plans	9	(94,399)	-	(94,399)
Total comprehensive income for the period		**(108,017)**	**26**	**(107,991)**
Balance as at December 31, 2018		**803,841**	**630**	**804,471**

	NOTE	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at September 30, 2017		453,165	564	453,729
Changes in period				
Net results for the period		(14,240)	30	(14,210)
Remeasurements of defined benefit plans	9	(21,765)	-	(21,765)
Total comprehensive income for the period		**(36,005)**	**30**	**(35,975)**
Distributions to non-controlling interests	2	**-**	**1**	**1**
Balance as at December 31, 2017		**417,160**	**595**	**417,755**

	NOTE	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at March 31, 2018		529,029	645	529,674
Changes in period				
Net results for the period		(2,840)	(15)	(2,855)
Remeasurements of defined benefit plans	9	277,652	-	277,652
Total comprehensive income for the period		**274,812**	**(15)**	**274,797**
Balance as at December 31, 2018		**803,841**	**630**	**804,471**

	NOTE	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at March 31, 2017		443,472	579	444,051
Changes in period				
Net results for the period		10,450	15	10,465
Remeasurements of defined benefit plans	9	(36,762)	-	(36,762)
Total comprehensive income for the period		**(26,312)**	**15**	**(26,297)**
Distributions to non-controlling interests	2	**-**	**1**	**1**
Balance as at December 31, 2017		**417,160**	**595**	**417,755**

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

		Three months ended December 31		Nine months ended December 31	
	NOTE	2018	2017	2018	2017
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES					
Net results for the period		(13,592)	(14,210)	(2,855)	10,465
Adjustments for:					
Gain (loss) on disposal of property and equipment and intangibles	6, 7	38	(577)	(2,030)	8,289
Gain on sale of shares	12	-	-	-	(54,462)
Financing and investment income	10	(2,773)	(2,321)	(8,116)	(7,461)
Finance costs		4,938	5,584	15,324	17,359
Change in fair value of financial instruments designated as at fair value through profit and loss	14	114	(500)	(108)	13
Depreciation and amortization	6, 7	28,181	29,006	85,207	85,898
Change in deferred charges		(90)	(400)	(1,263)	233
Net change in programming asset	5	(745)	(174)	983	3,161
Amortization of deferred capital funding	11	(27,977)	(23,178)	(83,931)	(68,515)
Change in deferred appropriations for operating expenditures		(8,315)	(25,812)	47,236	63,741
Change in deferred revenue [non-current]		381	(1,529)	(6,210)	(2,143)
Change in pension plan asset	9	110,536	27,894	(225,666)	69,918
Change in pension plans and employee-related liabilities	9	(89,413)	(6,474)	246,696	(20,980)
Accretion of promissory notes receivable		-	-	-	(6)
Amortization of bond premium		273	326	923	673
Movements in working capital	13	17,806	(7,196)	(4,680)	(96,884)
		19,362	**(19,561)**	**61,510**	**9,299**
FINANCING ACTIVITIES					
Repayment of obligations under finance leases		(140)	(3,093)	(415)	(9,148)
Repayment of bonds		(9,145)	(7,888)	(17,958)	(15,490)
Repayment of notes		(3,780)	(3,610)	(7,474)	(7,136)
Distributions to non-controlling interests		-	1	-	1
Interest paid		(9,401)	(10,852)	(19,219)	(22,284)
		(22,466)	**(25,442)**	**(45,066)**	**(54,057)**
INVESTING ACTIVITIES					
Parliamentary appropriations for capital funding	11	27,500	24,500	85,250	79,000
Additions to property and equipment	6	(41,351)	(26,000)	(93,151)	(54,810)
Additions to intangible assets	7	(1,619)	(2,372)	(5,389)	(8,939)
Acquisition of bonds receivable and other securities		(96,677)	(49,443)	(117,570)	(177,256)
Net proceeds from disposal of property and equipment	6	2,277	4,717	14,229	45,607
Net proceeds from disposal of shares		-	-	-	57,580
Collection of bonds receivable and other securities		93,098	47,021	109,844	47,021
Collection of promissory notes receivable		762	710	2,648	2,093
Collection of finance leases receivable		807	753	2,380	2,219
Interest received		2,732	2,801	7,663	6,755
		(12,471)	**2,687**	**5,904**	**(730)**
Change in cash		**(15,575)**	**(42,316)**	**22,348**	**(45,488)**
Cash, beginning of the period		**133,901**	**127,890**	**95,978**	**131,062**
Cash, end of the period		**118,326**	**85,574**	**118,326**	**85,574**

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED DECEMBER 31, 2018 (UNAUDITED)

BUSINESS AND ENVIRONMENT

This Section sets out the basis of preparation of these condensed interim financial statements when compared to the Corporation's latest complete set of audited annual financial statements for the year ended March 31, 2018. This section also shows new and future accounting standards and whether they are effective in 2018 or later years. We explain how these changes are expected to impact the financial position and performance of the Corporation.

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 this act.

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

2. Significant Accounting Policies

A. Statement of Compliance

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

These condensed interim consolidated financial statements have not been audited or reviewed by the Corporation's external auditor. They have been authorized for issuance by the Board of Directors on February 22, 2019.

All amounts are in Canadian dollars, which is our functional currency, and rounded to the nearest thousand, unless otherwise noted.

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 Corporation's latest complete set of audited annual financial statements for the year ended March 31, 2018 ("2018 audited annual financial statements"). Accordingly, they should be read in conjunction with the 2018 audited annual financial statements.

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

The accounting policies used in the preparation of these condensed interim financial statements are consistent with those disclosed in the Corporation's 2018 audited annual financial statements, except for the application of the following new standards effective April 1, 2018:

- the adoption of IFRS 15 – *Revenue from contracts with Customers*
- the adoption of IFRS 9 – *Financial Instruments*

See Note 3 A for further details.

The accounting policies have been applied consistently to all periods presented, unless otherwise noted.

Seasonality

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

Key sources of Estimation Uncertainty and Critical Judgments

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

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

Change in estimate – amortization of deferred capital funding

Since the Corporation's 2018 audited annual financial statements, there has been a change to critical accounting estimates and judgments related to the amount of deferred capital funding amortized into income. The Corporation has reviewed its methodology and made changes to simplify the approach and assumptions required in the estimation process. When compared to the previous methodology, this change resulted in an increase in amortization of deferred capital funding of $10.6 million for the nine months ended December 31, 2018. This was recorded in the Condensed Interim Consolidated Statement of Income (Loss), with an offsetting decrease in the Corporation's deferred capital funding on the Condensed Interim Consolidated Statement of Financial Position.

Management estimates that this change in estimate will give rise to approximately an additional $18.0 million recognized into income this year.

3. New and Future Accounting Standards

A. Adoption of New Accounting Standards

The following new pronouncements issued by the IASB or the IFRS Interpretations Committee were adopted by the Corporation effective April 1, 2018:

IFRS 15 – *Revenue from Contracts with Customers*

On April 1, 2018, the Corporation adopted IFRS 15 – *Revenue from Contracts with Customers* and all related amendments (the "new revenue standard"). The new revenue standard was applied to all contracts retrospectively using the full retrospective approach. The adoption of the new revenue standard did not result in any significant changes to, or have a significant financial impact on the Corporation's financial statements. Consequently, no transitional adjustments were made to retained earnings on April 1, 2017, comparative information was not restated and a third statement of financial position as at April 1, 2017 was not presented. Furthermore, the impact of the adoption of the new revenue standard is immaterial to our revenue on an ongoing basis. The Corporation has updated its accounting policy for revenue to reflect key principles of the new revenue standard as described below. For more details about the Corporation's updated Revenue accounting policies, refer to Note 10 Revenue of our Condensed Interim Consolidated Financial Statements for the first quarter ended June 30, 2018.

The new revenue standard replaces the existing standards IAS 11, IAS 18, and all revenue-related interpretations.

The core principle of the new standard is to recognize revenue that depicts the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Corporation expects to be entitled to in exchange for those goods or services. Additionally, the standard changes the basis for deciding whether revenue is to be recognized over time or at a particular point in time and expands and improves disclosures about revenue.

The new revenue standard defines a five-step framework for recognizing revenue, which includes:

1. Identifying the contract with the customer.
2. Identifying the performance obligations in the contract.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations identified in the contract.
5. Recognizing revenue when the performance obligation is satisfied.

New qualitative and quantitative disclosures, which are included in these condensed interim consolidated financial statements, offer users greater clarity on the nature, amount, timing and uncertainty of revenue and cash flow arising from contracts with customers.

For more information about the new revenue standard and our related estimates and judgments, refer to Note 10 Revenue.

IFRS 9 – *Financial Instruments*

On April 1, 2018, the Corporation adopted IFRS 9 – *Financial Instruments* which replaces IAS 39 – *Financial instruments: recognition and measurement*, and all previously issued versions of IFRS 9. IFRS 9 measurement outcomes determine how a particular financial instrument is recognized and measured in an entity's financial statements.

The nature of the main changes resulting from the new standard is as follows:

Classification and measurement of financial instruments: Financial assets are classified and subsequently measured at amortized cost or fair value through profit or loss based on both the Corporation's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Corporation's financial assets are classified and measured as follows:

- Financial assets held for the purpose of collecting contractual cash flows (''held to collect'') that represent solely payments of principal and interest (''SPPI'') are classified and measured at amortized cost;
- Financial assets that are not considered to be solely payments of principal and interest are classified and measured (see table below) at fair value through profit or loss (''FVTPL'').

There were no changes made to the Corporation's measurement of financial assets and financial liabilities as a result of the adoption of IFRS 9.

Classifications of financial instruments have changed in accordance with IFRS 9 as outlined in the table below:

ASSET/LIABILITY	IAS 39 CLASSIFICATION	IFRS 9 CLASSIFICATION
Cash	Fair value through profit and loss	Fair value through profit and loss
Trade and Other Receivables	Loans and receivables	Amortized cost
Promissory Notes Receivable	Loans and receivables	Amortized cost
Bonds Receivable	Held-to-maturity	Amortized cost
Investment in Finance Lease	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Bonds Payable	Other liabilities	Amortized cost
Notes Payable	Other liabilities	Amortized cost
Obligations under Finance Leases	Other liabilities	Amortized cost

Impairment of financial assets: The new impairment model is an expected credit loss ("ECL") model which implies both an earlier recognition of impairment losses and a disclosure of more timely and forward-looking information. Additionally, it is no longer necessary for a loss event to occur before an impairment loss is recognized.

The simplified approach is applied to trade receivables and contract assets that result from transactions within the scope of IFRS 15. Under the simplified approach, a loss allowance based on lifetime ECL is determined by historical loss rates, adjusted for current conditions and forward looking information, and applied to segments of receivable balances at each reporting date. The lifetime ECL for all other financial assets is determined by the present value of the cash shortfalls over the expected life of the financial assets.

The adoption of IFRS 9 did not have a significant impact on the consolidated financial statements and no transitional adjustments were required to retained earnings at April 1, 2018.

B. Future Accounting Changes

The IASB issued the following new standard which was not in effect and was not applied as at December 31, 2018. This new standard will impact the consolidated financial statements of the Corporation. The Corporation does not expect to early adopt this standard.

Standard	Description	Impact	Effective Date
IFRS 16 *Leases*	Supersedes IAS 17 - *Leases* and related Interpretations. Eliminates the classification of leases as either operating or finance leases for a lessee for all leases unless the lease term is 12 months or less or the underlying asset has a low value. All applicable leases are accounted for in a similar manner to finance leases under IAS 17. This standard will result in an expected increase in assets and financial liabilities. Lessor accounting remains largely unchanged and the distinction between operating and finance leases is retained.	The Corporation is finalizing the assessment of the potential impact of IFRS 16 on its consolidated financial statements. IFRS 16 will increase the Corporation's recognized assets and liabilities and affect the presentation and timing of related depreciation and interest charges in the Consolidated Statement of Income (Loss). In many instances, what was previously disclosed as an operating lease commitment will now be recognized as a lease liability with an associated right-of-use asset.	Effective April 1, 2019, applied retrospectively.

ASSETS AND LIABILITIES

This section shows the assets used to fulfill the public broadcaster's mandate and the liabilities incurred as a result. Only significant items are discussed below.

4. Trade and Other Receivables

	December 31, 2018	March 31, 2018
Trade receivables	126,016	191,249
Allowance for doubtful accounts	(1,185)	(1,106)
Other	14,569	15,168
	139,400	**205,311**

Trade receivables disclosed above include amounts that are past due at the end of the reporting period. The decrease in trade receivables compared to year-end is mostly due to higher advertising receivables related to the PyeongChang 2018 Olympic Winter Games in February 2018 that were not collected as of March 31, 2018.

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

5. Programming

A. Programming by Category

	December 31, 2018	March 31, 2018
Completed programs	147,979	115,696
Programs in process of production	125,307	78,888
Broadcast rights available for broadcast within the next twelve months	57,083	64,932
	330,369	**259,516**
Broadcast rights not available for broadcast within the next twelve months	37,077	42,984
	367,446	**302,500**

B. Movement in Programming

	December 31, 2018	March 31, 2018
Opening balance	302,500	326,434
Additions	840,551	1,114,224
Programs broadcast	(775,605)	(1,138,158)
Balance, end of period	**367,446**	**302,500**

Programs broadcast include programming write-offs for the three and nine months ended December 31, 2018 of $1.6 million (2017 – $1.5 million) and $2.9 million (2017 - $3.0 million). Programming write-offs are mainly due to terminated projects, programming not suitable for telecast or pilots not progressing into a series.

6. Property and Equipment

A. Cost and Accumulated Depreciation

	Land	Buildings	Leasehold improvements	Technical equipment	Computer, office equipment and other	Uncompleted capital projects	Total
Cost as at March 31, 2018[1]	111,790	483,295	70,430	1,069,788	155,784	33,657	**1,924,744**
Additions	-	-	-	6,909	6,136	78,792	**91,837**
Transfers (refer to Note 7)	-	6,568	857	20,588	1,642	(29,459)	**196**
Assets classified as held for sale	(313)	(8,011)	-	(426)	-	-	**(8,750)**
Disposals and write-offs	(3,730)	(5,729)	(1,571)	(80,636)	(6,674)	-	**(98,340)**
Cost as at December 31, 2018	**107,747**	**476,123**	**69,716**	**1,016,223**	**156,888**	**82,990**	**1,909,687**
Accumulated depreciation as at March 31, 2018[1]	-	(237,396)	(38,279)	(787,510)	(114,721)	-	**(1,177,906)**
Depreciation for the period	-	(20,561)	(2,672)	(46,339)	(9,909)	-	**(79,481)**
Reclassification of depreciation on assets classified as held for sale	-	4,432	-	398	-	-	**4,830**
Reclassification of depreciation on disposals and write-offs	-	4,000	1,571	78,120	6,534	-	**90,225**
Accumulated depreciation as at December 31, 2018	-	**(249,525)**	**(39,380)**	**(755,331)**	**(118,096)**	-	**(1,162,332)**
Net carrying amount as at December 31, 2018	**107,747**	**226,598**	**30,336**	**260,892**	**38,792**	**82,990**	**747,355**

[1] The opening cost and accumulated depreciation balances for land and buildings as at March 31, 2018, have been revised to reflect the remeasurement charge of $36.5 million that was recorded upon classifying Maison de Radio-Canada premises as held-for-sale in the prior year.

	Land	Buildings	Leasehold improvements	Technical equipment	Computer, office equipment and other	Uncompleted capital projects	**Total**
Cost as at March 31, 2017	174,118	557,601	65,468	1,051,515	153,758	50,395	**2,052,855**
Additions	-	64	-	16,366	2,727	63,342	**82,499**
Transfers (refer to Note 7)	8	15,005	6,458	53,948	7,839	(80,009)	**3,249**
Assets classified as held for sale	(57)	(208)	-	(939)	-	-	**(1,204)**
Disposals and write-offs	(41,272)	(73,678)	(1,496)	(51,102)	(8,540)	(71)	**(176,159)**
Cost as at March 31, 2018	**132,797**	**498,784**	**70,430**	**1,069,788**	**155,784**	**33,657**	**1,961,240**
Accumulated depreciation as at March 31, 2017	-	(260,831)	(35,503)	(780,043)	(110,571)	-	**(1,186,948)**
Depreciation for the year	-	(27,578)	(3,945)	(57,649)	(12,607)	-	**(101,779)**
Remeasurement charge	(21,007)	(15,489)	-	-	-	-	**(36,496)**
Reclassification of depreciation on assets classified as held for sale	-	208	-	813	-	-	**1,021**
Reclassification of depreciation on disposals and write-offs	-	50,805	1,169	49,369	8,457	-	**109,800**
Accumulated depreciation as at March 31, 2018	**(21,007)**	**(252,885)**	**(38,279)**	**(787,510)**	**(114,721)**	**-**	**(1,214,402)**
Net carrying amount as at March 31, 2018	**111,790**	**245,899**	**32,151**	**282,278**	**41,063**	**33,657**	**746,838**

The contractual commitments for the acquisition of property and equipment were $66.4 million as at December 31, 2018 (March 31, 2018 – $80.4 million).

B. Impairment and Other Charges

In 2017-2018, the Corporation sold its Maison de Radio-Canada (MRC) assets. This sale resulted in a remeasurement charge of $36.5 million and the release of an associated deferred capital funding liability of $28.5 million. Refer to Note 14 of the Corporation's 2018 audited annual financial statements for more details.

Following the sale of the existing MRC, the Corporation is completing a review of the assets to be moved to the new MRC. Accelerated depreciation of $2.3 million has been taken during the first half of 2018-2019 to reflect a shortened remaining useful life for those assets that will not be moved to the new premises. These assets will be fully depreciated by the time the new building is ready, and these assets will be derecognized.

No impairment losses were recorded in the Corporation's Condensed Interim Consolidated Statement of Income (Loss) first, second and third quarter of 2018-2019 (2017-2018 – nil). There were no impairment losses reversed during the three and nine months ended December 31, 2018 (2017 – 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 December 31, 2018 with a total carrying value of $0.2 million (March 31, 2018 - $0.3 million). These properties are expected to be sold on a site by site basis over the next twelve months.

D. Disposals

Other insignificant net gains and losses during the three and nine months ended December 31, 2018 resulted from the disposal or retirements of equipment as part of the Corporation's normal asset refresh cycle.

7. INTANGIBLE ASSETS

	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost as at March 31, 2018	146,885	44,157	1,099	**192,141**
Additions	-	648	4,665	**5,313**
Transfers (refer to Note 6)	597	1,225	(2,018)	**(196)**
Disposals and write-offs	(1,465)	(108)	340	**(1,233)**
Cost as at December 31, 2018	**146,017**	**45,922**	**4,086**	**196,025**
Accumulated depreciation as at March 31, 2018	(140,370)	(27,972)	-	**(168,342)**
Amortization for the period	(925)	(4,350)	-	**(5,275)**
Reclassification of amortization on disposals and write-offs	1,051	106	-	**1,157**
Accumulated amortization as at December 31, 2018	**(140,244)**	**(32,216)**	**-**	**(172,460)**
Net carrying amount as at December 31, 2018	**5,773**	**13,706**	**4,086**	**23,565**

	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost as at March 31, 2017	141,452	37,550	14,116	**193,118**
Additions	-	159	10,543	**10,702**
Transfers (refer to Note 6)	5,823	7,949	(17,021)	**(3,249)**
Disposals and write-offs	(390)	(1,501)	(6,539)	**(8,430)**
Cost as at March 31, 2018	**146,885**	**44,157**	**1,099**	**192,141**
Accumulated amortization as at March 31, 2017	(138,904)	(24,197)	-	**(163,101)**
Amortization for the year	(1,857)	(5,276)	-	**(7,133)**
Reclassification of amortization on disposals and write-offs	391	1,501	-	**1,892**
Accumulated amortization as at March 31, 2018	**(140,370)**	**(27,972)**	**-**	**(168,342)**
Net carrying amount as at March 31, 2018	**6,515**	**16,185**	**1,099**	**23,799**

The contractual commitments for the acquisition of intangible assets were $3.9 million as at December 31, 2018 (March 31, 2018 – $0.9 million).

There were no impairment losses recorded or reversed during the three and nine months ended December 31, 2018 (2017 – nil).

8. PROVISIONS

	Legal and other	Environmental	Total
Opening balance	44,489	367	44,856
Additional provisions recognized	11,532	-	11,532
Provisions utilized	(23,855)	(15)	(23,870)
Reductions resulting from remeasurement or settlement without cost	(2,917)	-	(2,917)
Balance, end of period	**29,249**	**352**	**29,601**

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 December 31, 2018, the Corporation had legal and other provisions amounting to $30.0 million (March 31, 2018 – $44.5 million). The decrease in legal and other provisions since March 31, 2018 year-end is mainly due to the fact that past wage claims in relation to the Syndicat des communications de Radio-Canada (SCRC) are now included within employee-related liabilities after an agreement in principle was reached between the Corporation and SCRC at the end of September. All matters are classified as current because, where estimable, the Corporation is working to resolve these matters within 12 months.

9. 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	
	December 31, 2018	March 31, 2018	**December 31, 2018**	March 31, 2018
Pension plan asset	**-**	**-**	**527,691**	**302,025**
Pension plan liability	-	-	113,286	117,520
Other post-employment plans	-	-	112,084	117,814
Vacation pay	59,795	60,080	-	-
Termination benefits	7,607	7,527	-	-
Salary-related liabilities	126,999	61,510	-	28,844
Total pension plans and employee-related liabilities	**194,401**	**129,117**	**225,370**	**264,178**

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

	Funded pension plan	Unfunded pension plans	Other post-employment plans	Funded pension plan	Unfunded pension plans	Other post-employment plans
			December 31, 2018			March 31, 2018
Fair value of plan assets	7,001,702	-	-	7,071,998	-	-
Defined benefit obligation	6,474,011	113,286	112,084	6,769,973	117,520	117,814
Net asset (liability) arising from defined benefit obligation	**527,691**	**(113,286)**	**(112,084)**	**302,025**	**(117,520)**	**(117,814)**

B. Significant Actuarial Assumptions

As disclosed in Note 17 Pension Plans and Employee-Related Liabilities of the Corporation's 2018 audited annual financial statements, the Corporation reviews its actuarial assumptions at each reporting period 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 non-recurring 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.

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

Assumptions – annual rates	**December 31, 2018**	March 31, 2018
Assumptions for the calculation of pension benefit costs:		
Discount rate	3.53%	3.75%
Assumptions for the calculation of the benefit obligation:		
Discount rate - pension	3.91%	3.53%
Discount rate - long service gratuity	3.57%	3.24%
Discount rate - LTD benefit	3.57%	3.24%
Discount rate - life insurance	3.85%	3.47%

C. Total Cash Payments

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

	Three months ended December 31		Nine months ended December 31	
	2018	2017	**2018**	2017
Benefits paid directly to beneficiaries	2,909	2,862	8,727	8,586
Employer regular contributions to pension benefit plans	12,367	12,052	40,947	41,306
Total cash payments for defined benefit plans	**15,276**	**14,914**	**49,674**	**49,892**

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

D. MOVEMENTS IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION

	Pension plans	Other post-employment plans	Pension plans	Other post-employment plans
	December 31, 2018		March 31, 2018	
Opening defined benefit obligation	6,887,493	117,814	6,579,699	132,772
Current service cost	84,963	3,072	106,230	5,523
Interest cost	180,558	2,607	244,017	4,124
Contributions from employees	42,722	-	57,278	-
Remeasurements:				
Actuarial gains arising from changes in demographic assumptions	-	-	(73,510)	(10,566)
Actuarial losses (gains) arising from changes in financial	(382,096)	(2,682)	217,793	(2,592)
Actuarial losses arising from experience adjustments	1,479	-	52,016	1,035
Benefits paid	(227,822)	(8,727)	(296,030)	(12,482)
Closing defined benefit obligation	**6,587,297**	**112,084**	**6,887,493**	**117,814**

E. MOVEMENTS IN THE FAIR VALUE OF PLAN ASSETS

	Pension plans	Other post-employment plans	Pension plans	Other post-employment plans
	December 31, 2018		March 31, 2018	
Opening fair value of plan assets	7,071,998	-	6,733,325	-
Administration fees (other than investment management fees)	(5,325)	-	(6,600)	-
Interest income on plan assets	184,629	-	248,727	-
Return on plan assets, excluding interest income	(105,447)	-	281,474	-
Contributions from employees	42,722	-	57,278	-
Contributions from the Corporation	40,947	8,727	53,824	12,482
Benefits paid	(227,822)	(8,727)	(296,030)	(12,482)
Closing fair value of plan assets	**7,001,702**	**-**	**7,071,998**	**-**

F. DEFINED BENEFIT PLAN COSTS

Amounts recognized in comprehensive income (loss)

	Three months ended December 31		Nine months ended December 31	
	2018	2017	**2018**	2017
Current service cost	29,345	27,694	88,035	83,082
Administration fees (other than investment management fees)	1,775	1,650	5,325	4,950
Interest cost on defined benefit obligation	61,055	61,943	183,165	185,829
Interest income on plan assets	(61,543)	(62,182)	(184,629)	(186,546)
Other	28	107	(200)	(60)
Expense recognized in net results	30,660	29,212	91,696	87,255
Less:				
Remeasurements recognized in other comprehensive income (loss)	94,399	21,765	(277,652)	36,762
Total	**125,059**	**50,977**	**(185,956)**	**124,017**

Retained earnings include $945.6 million of cumulative actuarial gains as at December 31, 2018 (March 31, 2018 gains – $668.0 million).

Expense recognized in net results

	Three months ended December 31		Nine months ended December 31	
	2018	2017	**2018**	2017
Television, radio and digital services costs	29,433	28,044	88,028	83,765
Transmission, distribution and collection	920	877	2,751	2,618
Corporate management	307	291	917	872
Total	**30,660**	**29,212**	**91,696**	**87,255**

INCOME, OTHER GAINS AND LOSSES AND CASH FLOWS

This Section focuses on the results and cash flows of the Corporation. On the following pages you will find disclosures explaining the Corporation's revenue and government funding for the period and supplemental cash flow information.

10. REVENUE

As discussed in Note 3 A, we have applied the new revenue standard IFRS 15 as at April 1, 2018. Refer to Note 10 Revenue of our Condensed Interim Consolidated Financial Statements for the first quarter ended June 30, 2018 for a full set disclosures under IFRS 15.

	Three months ended December 31		Nine months ended December 31	
	2018	2017 (revised)	2018	2017 (revised)
TV advertising[1]	67,727	69,682	157,998	162,519
Digital advertising	9,396	10,086	22,713	24,493
Subscriber fees	31,152	31,922	93,388	96,093
Production revenue[2]	10,129	9,806	26,829	28,469
Program license sales	5,568	6,105	16,481	17,698
Retransmission rights	2,115	977	3,616	6,783
Program sponsorship	200	213	1,316	2,260
Other services	826	711	1,862	2,111
Revenue from contracts with customers	**127,113**	**129,502**	**324,203**	**340,426**
Foreign exchange gain (loss)	155	(140)	314	(182)
Net gain (loss) from the change in fair value of financial instruments	(114)	499	108	(203)
Leasing Income[3]	7,208	7,199	21,519	20,739
Financing Income	2,773	2,668	8,116	7,461
Other gains and losses	126	124	4,839	4,013
Other sources of income*	**10,148**	**10,350**	**34,896**	**31,828**
	137,261	**139,852**	**359,099**	**372,254**

*Out of scope of IFRS 15 - *Revenue from Contracts with Customers.*

[1]For the three and nine months ended December 31, 2018, TV advertising includes revenue from exchange of services of $0.6 million (2017 - $1.0 million) and $1.7 million (2017 - $1.9 million), respectively.

[2]For the three and nine months ended December 31, 2018, Production revenue includes revenue from exchange of services of $2.9 million (2017 - $2.6 million) and $9.5 million (2017 - $10.8 million), respectively.

[3]Income stream formerly titled "Building and tower rentals".

Changes in Presentation

For the year ended March 31, 2018, the Corporation modified the classification of some revenue sources to better reflect the nature of these revenue streams. As a result, the comparative figures have been restated to reclassify last year's revenue from facility and services rentals. For the three and nine months ended December 31, 2017, a total of $5.0 million and $13.5 million, respectively, was reclassified from "Leasing income" (formerly titled "Building and tower rentals") to "Production revenue". For more details about these reclassifications, refer to Note 22 of the 2018 audited annual financial statements.

IFRS 15 was applied retrospectively, resulting in a change of classification for revenue streams that are out of scope under IFRS 15. For the three and nine months ended December 31, 2017, a total of $nil and $3.1 million was reclassified from "Program license sales" to "Other gains and losses", and a total of $0.1 million and $0.9 million, respectively, was reclassified from "Other services" to "Other gains and losses".

	Nine months ended December 31	
	2018	2017 (revised)
Advertising revenue		
TV advertising		
English market	67,201	73,985
French market	90,797	88,534
Total TV advertising	**157,998**	**162,519**
Digital advertising		
English market	14,510	15,686
French market	8,203	8,807
Total digital advertising	**22,713**	**24,493**
Total advertising revenue	**180,711**	**187,012**

	Three months ended December 31	
	2018	2017 (revised)
Advertising revenue		
TV advertising		
English market	28,900	31,801
French market	38,827	37,881
Total TV advertising	**67,727**	**69,682**
Digital advertising		
English market	6,084	6,302
French market	3,312	3,784
Total digital advertising	**9,396**	**10,086**
Total advertising revenue	**77,123**	**79,768**

	Nine months ended December 31	
	2018	2017 (revised)
Subscriber revenue		
English market	50,352	51,964
French market	43,036	44,129
Total subscriber revenue	**93,388**	**96,093**

	Three months ended December 31	
	2018	2017 (revised)
Subscriber revenue		
English market	16,801	17,359
French market	14,351	14,563
Total subscriber revenue	**31,152**	**31,922**

	Nine months ended December 31	
	2018	**2017 (revised)**
Other income		
Production revenue		
English market	14,262	14,494
French market	12,567	13,975
Total production revenue	**26,829**	**28,469**
Program license sales		
English market	11,442	10,895
French market	5,039	6,803
Total program license sales	**16,481**	**17,698**
Leasing income*	21,519	20,739
Retransmission rights	3,616	6,783
Program sponshorship	1,316	2,260
Other services	1,862	2,111
Other gains and losses*	5,261	3,628
	33,574	**35,521**
Total other income	**76,884**	**81,688**

	Three months ended December 31	
	2018	**2017 (revised)**
Other income		
Production revenue		
English market	5,133	5,155
French market	4,996	4,651
Total production revenue	**10,129**	**9,806**
Program license sales		
English market	3,613	4,452
French market	1,955	1,653
Total program license sales	**5,568**	**6,105**
Leasing income*	7,208	7,199
Retransmission rights	2,115	977
Program sponshorship	200	213
Other services	826	711
Other gains and losses*	167	483
	10,516	**9,583**
Total other income	**26,213**	**25,494**

* Out of scope of IFRS 15 - *Revenue from Contracts with Customers*

Contract Balances

Contract assets represent the Corporation's right to consideration in exchange for services that have already been transferred to a customer when that right is conditioned on something other than the passage of time. Contract assets primarily comprise usage-based royalties from retransmission rights arrangements related to previously satisfied performance obligations. As a copyright owner of radio and TV programming, the Corporation is entitled to revenue from retransmission rights as distant signals are retransmitted in Canada or overseas. The Corporation's right to consideration is dependent upon the tariff set by the Copyright Board of Canada and the Corporation's share within various retransmission rights collectives.

Contract assets are presented under "Trade and Other Receivables" in the Condensed Interim Consolidated Statement of Financial Position. Trade and Other Receivables include $9.0 million of contract assets as at December 31, 2018 (March 31, 2018 – $6.8 million). There was no impairment loss in relation to contract assets for the periods considered.

Contract liabilities primarily relate to cash payments received in advance of our performance, mostly related to our host broadcasting and program sponsorship revenue streams. Contract liabilities are presented as current liabilities under "Deferred Revenue" in the Condensed Interim Consolidated Statement of Financial Position. Deferred Revenue include $4.1 million of contract liabilities as at December 31, 2018 (March 31, 2018 - $2.1 million).

11. GOVERNMENT FUNDING

The Corporation receives a substantial portion of its funding from the Government of Canada.

Change in estimate – amortization of deferred capital funding

As mentioned in Note 2 B, the Corporation has changed its methodology used to determine the amount of deferred capital funding amortized into income. The revised method simplifies the approach and assumptions necessary in this estimate.

The impacts of this change in estimate in the second quarter of 2018-2019 and in future periods are further described in Note 2 B.

A. GOVERNMENT FUNDING RECEIVED

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

	Three months ended December 31		Nine months ended December 31	
	2018	2017	**2018**	2017
Operating funding	266,553	253,560	831,803	827,060
Capital funding received	27,500	24,500	85,250	79,000
Working capital funding	1,001	1,000	3,001	3,000
	295,054	**279,060**	**920,054**	**909,060**

B. DEFERRED OPERATING VOTE DRAWDOWN

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

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

	December 31, 2018	March 31, 2018
Operating funding received during the period	831,803	1,110,262
Less: Parliamentary appropriation for operating expenditures recognized in the Condensed Interim Consolidated Statement of Income (Loss) during the period	(784,567)	(1,110,262)
Deferred appropriations for operating expenditures	**47,236**	-

C. DEFERRED CAPITAL FUNDING

Capital Funding received is recorded as Deferred Capital Funding in the Condensed Interim Consolidated Statement of Financial Position, with income being recognized in the Condensed Interim Consolidated Statement of Income (Loss) over the average life of assets purchased that year.

	December 31, 2018	March 31, 2018
Opening balance	531,068	545,234
Government funding for capital expenditures	85,250	107,821
Amortization of deferred capital funding	(83,931)	(93,487)
Release of deferred capital funding related to MRC[1]	-	(28,500)
Balance, end of period	**532,387**	**531,068**

[1] Refer to Note 14 Disposal of Maison de Radio-Canada premises of the Corporation's 2018 audited annual financial statements.

12. Gain on Sale of Shares

On May 25, 2017, the Corporation sold its entire interest at $4.50 a share in its only associate, Sirius XM Canada Holdings (SiriusXM), a satellite radio communications company located and domiciled in Canada which offers a variety of content on a subscription basis across Canada, including 6 channels carrying the Corporation's programming.

The sale generated net proceeds of $57.6 million and resulted in the recognition of a gain in the Condensed Interim Consolidated Statement of Income (Loss) of the first quarter of 2017-2018 calculated as follows:

	Recognized in the nine months ended December 31, 2017
Net proceeds from sale of shares	57,579
Less: Carrying amount of investment sold	(3,117)
Gain recognized	**54,462**

The proceeds received from this transaction have been invested in Canada Mortgage Bonds. See Note 9 of the Corporation's 2018 audited annual financial statements and Note 14 B iii of these interim consolidated financial statements.

The Corporation did not incur any contingent liabilities or commitments in relation to its associate.

13. Movements in Working Capital

	Three months ended December 31		Nine months ended December 31	
	2018	2017	**2018**	2017
Changes in Working Capital are comprised of:				
Trade and other receivables	(24,532)	(32,600)	66,486	(17,480)
Programming asset (current)	22,403	6,512	(70,853)	(88,466)
Prepaid expenses	1,840	4,207	2,487	11,855
Accounts payable and accrued liabilities	5,449	(3,241)	(36,883)	(14,810)
Provisions	525	4,767	(15,255)	10,759
Pension plans and employee-related liabilities (current)	21,310	15,647	57,415	3,283
Programming liability (current)	(3,949)	-	(5,044)	-
Deferred revenues (current)	(5,240)	(2,488)	(3,033)	(2,025)
	17,806	**(7,196)**	**(4,680)**	**(96,884)**

OTHER

This section discloses the Corporation's information related to financial instruments, related parties and commitments.

14. Financial Instruments

A. Fair Value

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

	December 31, 2018		March 31, 2018			
	Carrying values	Fair values	Carrying values	Fair values	Method[1]	Note
Financial instruments measured at fair value on a recurring basis:						
Cash	118,326	118,326	95,978	95,978	Level 1	(a)
Derivative financial instruments	108	108	-	-	Level 2	(c)
Financial assets	**118,434**	**118,434**	**95,978**	**95,978**		
Financial instruments measured at amortized cost:						
Bonds receivable (current)	160,787	160,860	110,712	111,068	Level 2	(b)
Trade and other receivables	139,400	139,400	205,311	205,311	Level 2	(a)
Promissory notes receivable (current)	3,208	3,208	3,448	3,448	Level 2	(a)
Investment in finance lease (current)	3,570	3,570	3,394	3,394	Level 2	(a)
Bonds receivable (non-current)	-	-	43,373	43,440	Level 2	(b)
Promissory notes receivable (non-current)	32,190	35,789	34,616	38,659	Level 2	(d)
Investment in finance lease (non-current)	35,106	40,462	37,854	43,519	Level 2	(d)
Financial assets	**374,261**	**383,289**	**438,708**	**448,839**		
Accounts payable and accrued liabilities	72,612	72,612	110,886	110,886	Level 2	(a)
Bonds payable (current)	20,527	20,527	23,624	23,624	Level 2	(a)
Obligations under finance leases (current)	581	581	570	570	Level 2	(a)
Notes payable (current)	8,242	8,242	8,945	8,945	Level 2	(a)
Bonds payable (non-current)	186,724	227,429	204,682	253,557	Level 2	(e)
Obligations under finance leases (non-current)	5,320	5,320	5,745	5,745	Level 2	(e)
Notes payable (non-current)	71,553	77,452	79,329	86,152	Level 2	(e)
Financial liabilities	**365,559**	**412,163**	**433,781**	**489,479**		

[1]Method refers to the hierarchy levels described in note 2 B of the Corporation's 2018 audited annual financial statements. Each level is based on the availability of observable inputs used to measure the fair values of assets and liabilities.

There have been no transfers between levels during the three and nine months ended December 31, 2018.

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

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

(c) The 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 reflects 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.

B. CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation records allowances for potential credit losses based on an expected credit loss (ECL) model in accordance with IFRS 9. Actual losses have not exceeded management's expectations in the past.

The maximum credit risk resulting from receivables and other financial assets basically corresponds to the net carrying amount of the asset.

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

	December 31, 2018	March 31, 2018
31 - 60 days	25,263	95,961
61 - 90 days	21,157	19,411
Over 90 days	21,955	8,004
Total	**68,375**	**123,376**

II) MOVEMENT IN ALLOWANCE FOR DOUBTFUL ACCOUNTS

	December 31, 2018	March 31, 2018
Opening balance	(1,106)	(1,240)
Amounts written off during the period as uncollectible	95	689
Impairment losses reversed	-	227
Net increase in allowance for new impairments	(174)	(782)
Balance, end of period	**(1,185)**	**(1,106)**

III) BONDS RECEIVABLE

The Corporation holds Canada Mortgage Bonds that carry a determined fixed rate coupon comprised between 1.95% and 2.00% payable twice a year. The Corporation intends to hold these bonds until maturity. These government bonds have maturity dates ranging between June 2019 and December 2019. None of these assets had been past due or impaired at the end of the reporting period.

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:

	Nine months ended December 31			
	Rendering of services		Receipt of services	
	2018	2017	**2018**	2017
Associate	-	193	-	-
Other related entities[1]	83	85	1	-
	83	**278**	**1**	**-**

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

	Three months ended December 31			
	Rendering of services		Receipt of services	
	2018	2017	**2018**	2017
Other related entities[1]	27	29	1	-
	27	**29**	**1**	**-**

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

In addition, cash payments for the Corporation's contributions to the defined benefit plans are disclosed in Note 9 C.

A. Transactions with Related Parties Excluding Government-Related Entities

There are no amounts owing to related parties and no amounts owing by related parties at December 31, 2018 (March 31, 2018 – nil). SiriusXM ceased being an associate on May 25, 2017 after the Corporation sold its interest in SiriusXM.

No expense has been recognized in the current or prior periods for bad or doubtful debts with respect of the amounts owed by related parties.

B. 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 30 Commitments of the Corporation's 2018 audited annual financial statements. Commitments for the purchase of property and equipment and intangible assets this quarter are disclosed within Note 6 A Property and Equipment and Note 7 Intangible assets of this report. There were no other material changes to commitments during the third quarter of 2018-2019.