



November 2, 2015

For immediate release

TVA GROUP REPORTS HIGHER ADJUSTED OPERATING INCOME¹ IN THIRD QUARTER ENDED SEPTEMBER 30, 2015

Montreal, Canada – TVA Group Inc. (“TVA Group” or the “Corporation”) today announced that it recorded adjusted operating income¹ in the amount of \$30.9 million in the third quarter of 2015, compared with \$7.6 million in the same quarter of 2014.

The Corporation also recognized a \$60.1 million non-cash charge for impairment of a broadcasting licence and declared a net loss attributable to shareholders of \$36.5 million or \$0.84 per share in the quarter, compared with a net loss attributable to shareholders of \$35.7 million or \$1.50 per share in the same quarter of 2014.

Third quarter operating highlights:

- Consolidated adjusted operating income¹ of \$30,864,000, a favourable variance of \$23,226,000 (304%) compared with the same quarter of 2014;
- Adjusted operating income¹ of \$19,527,000 in the Broadcasting & Production segment, a favourable variance of \$14,731,000 (307%), caused mainly by an increase in the adjusted operating results of the “TVA Sports” service and an increase in TVA Network’s adjusted operating income;
- Adjusted operating income¹ of \$3,732,000 in the Magazines segment, a favourable variance of \$890,000 (31%) due primarily to the addition of the adjusted operating results of the magazines acquired from Transcontinental on April 12, 2015;
- Adjusted operating income¹ of \$7,605,000 in the Corporation’s new Film Production & Audiovisual Services segment, which includes the operations of the properties acquired from A.R. Global Vision Ltd. on December 30, 2014;
- Non-cash charge for impairment of a licence and goodwill of \$60,107,000, compared with \$41,000,000 in the same period of 2014.

“We are satisfied with the improvement in our financial results based on adjusted operating income in all three of our business segments. The excellent financial performance of our new Film Production & Audiovisual Services segment made a significant contribution. Adding this line of business, which has strong growth potential, to the Corporation’s operations is consistent with our goal of reducing our dependence on fluctuating advertising revenues,” said Julie Tremblay, President and CEO of the Corporation.

¹ See definition of adjusted operating income (loss) below.

“This being said, market conditions in the television industry, particularly the pressure on advertising revenues, led the Corporation to conclude that the book value of a broadcasting licence is no longer recoverable and that a \$60.1 million non-cash impairment charge was necessary,” commented Ms. Julie Tremblay. “On the other hand, the progression of advertising and subscription revenues from our specialty services, particularly “TVA Sports,” bode well for the Broadcasting & Production segment. TVA Group’s ratings continued to climb, reaching a combined market share of 32.3%, compared with 31.6% in the same quarter of 2014. TVA Network remains the leading over-the-air network with a 22.3% market share and 3 of the top 5 most watched programs in Quebec, namely *Le Banquier* and two new series, *Boomerang* and *Pour Sarah*, each of which attracted more than 1.5 million viewers,” said Ms. Tremblay.

“Financial results also improved in our Magazines segment during the quarter because of the inclusion of the operating results of the mastheads acquired from Transcontinental in the second quarter. The addition of those titles to our existing portfolio of magazines has made us the largest magazine publisher in Canada and strengthened our advertising offer to national advertisers,” concluded Ms. Tremblay.

Definition

Adjusted operating income (loss)

In its analysis of operating results, the Corporation defines adjusted operating income (loss) as net income (loss) before depreciation of property, plant and equipment, amortization of intangible assets, financial expenses, operational restructuring costs, impairment of assets and other costs, income taxes and share of loss (income) of associated corporations. Adjusted operating income (loss) as defined above is not a measure of results that is consistent with International Financial Reporting Standards (“IFRS”). Neither is it intended to be regarded as an alternative to other financial performance measures or to the statement of cash flows as a measure of liquidity. This measure should not be considered in isolation or as a substitute for other performance measures prepared in accordance with IFRS. This measure is used by management and the Board of Directors to evaluate the Corporation’s consolidated results and the results of its segments. This measure eliminates the significant level of impairment, depreciation and amortization of tangible and intangible assets and is unaffected by the capital structure or investment activities of the Corporation and its segments. Adjusted operating income (loss) is also relevant because it is a significant component of the Corporation’s annual incentive compensation programs. The Corporation’s definition of adjusted operating income (loss) may not be identical to similarly titled measures reported by other companies.

Forward-looking information disclaimer

The statements in this news release that are not historical facts may be forward-looking statements and are subject to important known and unknown risks, uncertainties and assumptions which could cause the Corporation’s actual results for future periods to differ materially from those set forth in the forward-looking statements. Forward-looking statements generally can be identified by the use of the conditional, the use of forward-looking terminology such as “propose,” “will,” “expect,” “may,” “anticipate,” “intend,” “estimate,” “plan,” “foresee,” “believe” or the negative of these terms or variations of them or similar terminology. Factors that may cause actual results to differ from current expectations include seasonality, operational risks (including pricing actions by competitors), programming, content and production cost risks, credit risk, government regulation risks, government assistance risks, changes in economic conditions, fragmentation of the media landscape, and labour relation risks. Investors and others are cautioned that the foregoing list of factors that may affect future results is not exhaustive and that undue reliance should not be placed on any forward-looking statements. For more information on the risks, uncertainties and assumptions that could cause the Corporation’s actual results to differ from current expectations, please refer to the Corporation’s public filings available at www.sedar.com and <http://groupetva.ca>, including, in particular, the “Risks and Uncertainties” section of the Corporation’s annual Management’s Discussion and Analysis for the year ended December 31, 2014 and the “Risk Factors” section in the Corporation’s 2014 annual information form.

The forward-looking statements in this news release reflect the Corporation’s expectations as of November 2, 2015, and are subject to change after this date. The Corporation expressly disclaims any obligation or intention to update or

revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by the applicable securities laws.

TVA Group

TVA Group Inc., a subsidiary of Quebecor Media Inc., is an integrated communications company engaged in the broadcasting, film and television production, and magazine publishing industries. TVA Group Inc. is North America's largest broadcaster of French-language entertainment, information and public affairs programming, largest publisher of French-language magazines, and one of the largest private-sector producers of French-language content. The Corporation's Class B shares are listed on the Toronto Stock Exchange under the ticker symbol TVA.B.

Source:

Denis Rozon, CPA, CA
Vice President and Chief Financial Officer
(514) 598-2808

TVA GROUP INC.

Interim consolidated statements of loss

(unaudited)

(in thousands of Canadian dollars, except per-share amounts)

	Note	Three-month periods ended September 30		Nine-month periods ended September 30	
		2015	2014	2015	2014
Revenues	2	\$ 138,523	\$ 94,525	\$ 424,461	\$ 309,546
Purchases of goods and services	3	70,242	57,105	273,522	191,508
Employee costs		37,417	29,782	120,395	95,426
Depreciation of property, plant and equipment and amortization of intangible assets		6,871	5,870	20,758	16,571
Financial expenses	4	1,009	1,078	3,814	3,173
Impairment of a licence and goodwill	5	60,107	41,000	60,107	41,000
Operational restructuring costs, impairment of assets and other costs	6	168	109	2,879	109
Loss before tax recovery and share of loss of associated corporations		(37,291)	(40,419)	(57,014)	(38,241)
Tax recovery		(1,689)	(6,176)	(8,083)	(6,695)
Share of loss of associated corporations	11 a)	449	1,427	4,559	5,124
Net loss		\$ (36,051)	\$ (35,670)	\$ (53,490)	\$ (36,670)
Net (loss) income attributable to:					
Shareholders		\$ (36,455)	\$ (35,670)	\$ (53,754)	\$ (36,670)
Non-controlling interest		404	–	264	–
Basic and diluted loss per share attributable to shareholders	8 c)	\$ (0.84)	\$ (1.50)	\$ (1.44)	\$ (1.54)

See accompanying notes to interim condensed consolidated financial statements.

TVA GROUP INC.

Interim consolidated statements of comprehensive loss

(unaudited)

(in thousands of Canadian dollars)

		Three-month periods ended September 30		Nine-month periods ended September 30	
	Note	2015	2014	2015	2014
Net loss		\$ (36,051)	\$ (35,670)	\$ (53,490)	\$ (36,670)
Other comprehensive items that may be reclassified to income:					
Derivative financial instrument	9	(154)	–	(519)	–
Deferred income taxes	9	42	–	140	–
Comprehensive loss		\$ (36,163)	\$ (35,670)	\$ (53,869)	\$ (36,670)
Comprehensive (loss) income attributable to:					
Shareholders		\$ (36,567)	\$ (35,670)	\$ (54,133)	\$ (36,670)
Non-controlling interest		404	–	264	–

See accompanying notes to interim condensed consolidated financial statements.

TVA GROUP INC.

Interim consolidated statements of equity

(unaudited)

(in thousands of Canadian dollars)

	Equity attributable to shareholders				Equity attributable to non-controlling interest	Total equity
	Capital stock (note 8)	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss) (note 9)		
Balance as at December 31, 2013	\$ 98,647	\$ 581	\$ 203,683	\$ 5,148	\$ –	\$ 308,059
Net loss	–	–	(36,670)	–	–	(36,670)
Balance as at September 30, 2014	98,647	581	167,013	5,148	–	271,389
Net loss	–	–	(4,418)	–	–	(4,418)
Other comprehensive loss	–	–	–	(8,766)	–	(8,766)
Balance as at December 31, 2014	98,647	581	162,595	(3,618)	–	258,205
Business acquisition (note 7)	–	–	–	–	565	565
Net (loss) income	–	–	(53,754)	–	264	(53,490)
Issuance of share capital, net of transaction costs	108,633	–	–	–	–	108,633
Other comprehensive loss	–	–	–	(379)	–	(379)
Balance as at September 30, 2015	\$ 207,280	\$ 581	\$ 108,841	\$ (3,997)	\$ 829	\$ 313,534

See accompanying notes to interim condensed consolidated financial statements.

TVA GROUP INC.

Interim consolidated balance sheets

(unaudited)
(in thousands of Canadian dollars)

	Note	September 30, 2015	December 31, 2014
Assets			
Current assets			
Cash		\$ 12,895	\$ –
Accounts receivable		141,735	136,811
Income taxes		6,654	5,256
Programs, broadcast and distribution rights and inventories		73,972	74,765
Prepaid expenses		6,268	3,734
		241,524	220,566
Non-current assets			
Broadcast and distribution rights		38,793	31,989
Investments		14,169	12,111
Property, plant and equipment		202,977	201,429
Licences and other intangible assets	5	38,234	83,647
Goodwill	7	83,082	48,266
Defined benefit plan asset		4,364	2,964
Deferred income taxes		7,669	1,060
		389,288	381,466
Total assets		\$ 630,812	\$ 602,032

TVA GROUP INC.

Interim consolidated balance sheets (continued)

(unaudited)
(in thousands of Canadian dollars)

	Note	September 30, 2015	December 31, 2014
Liabilities and equity			
Current liabilities			
Bank overdraft		\$ –	\$ 4,486
Accounts payable and accrued liabilities		111,447	88,746
Income taxes		622	777
Broadcast and distribution rights payable		88,947	45,660
Provisions		5,044	4,331
Deferred revenues		21,156	8,690
Credit facility from parent corporation	11 b)	–	100,000
Short-term debt		3,750	938
		230,966	253,628
Non-current liabilities			
Long-term debt		70,364	72,757
Other liabilities		11,920	9,967
Deferred income taxes		4,028	7,475
		86,312	90,199
Equity			
Capital stock	8	207,280	98,647
Contributed surplus		581	581
Retained earnings		108,841	162,595
Accumulated other comprehensive loss	9	(3,997)	(3,618)
Equity attributable to shareholders		312,705	258,205
Non-controlling interest		829	–
		313,534	258,205
Guarantees	12		
Total liabilities and equity		\$ 630,812	\$ 602,032

See accompanying notes to interim condensed consolidated financial statements.

On November 2, 2015, the Board of Directors approved the interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2015 and 2014.

TVA GROUP INC.

Interim consolidated statements of cash flows

(unaudited)

(in thousands of Canadian dollars)

	Note	Three-month periods ended September 30		Nine-month periods ended September 30	
		2015	2014	2015	2014
Cash flows related to operating activities					
Net loss		\$ (36,051)	\$ (35,670)	\$ (53,490)	\$ (36,670)
Adjustments for:					
Depreciation and amortization		6,940	5,920	21,003	16,722
Impairment of a licence and goodwill	5	60,107	41,000	60,107	41,000
Share of loss of associated corporations		449	1,427	4,559	5,124
Deferred income taxes		(2,618)	(5,129)	(8,645)	(4,168)
Loss on valuation of derivative financial instruments		5	–	22	–
		28,832	7,548	23,556	22,008
Net change in non-cash balances related to operating activities		(13,592)	(1,292)	63,279	5,200
Cash flows provided by operating activities		15,240	6,256	86,835	27,208
Cash flows related to investing activities					
Additions to property, plant and equipment		(5,498)	(6,094)	(17,592)	(17,914)
Additions to intangible assets		(682)	(188)	(1,581)	(1,683)
Net change in investments	11 a)	–	(1,781)	(2,620)	(4,548)
Net business acquisitions	7	(1,161)	–	(56,361)	(501)
Cash flows used in investing activities		(7,341)	(8,063)	(78,154)	(24,646)
Cash flows related to financing activities					
Decrease of bank overdraft		–	–	(4,486)	–
Net change of revolving credit facilities		(2,886)	–	212	–
Repayment of credit facility from parent corporation	11 b)	–	–	(100,000)	–
Issuance of share capital, net of transaction costs	8	(92)	–	108,633	–
Repayment of derivative financial instruments		(35)	–	(145)	–
Cash flows (used) provided by financing activities		(3,013)	–	4,214	–
Net change in cash		4,886	(1,807)	12,895	2,562
Cash at beginning of period		8,009	12,086	–	7,717
Cash at end of period		\$ 12,895	\$ 10,279	\$ 12,895	\$ 10,279
Interest and taxes reflected as operating activities					
Net interest paid		\$ 624	\$ 21	\$ 3,175	\$ 2,052
Income taxes paid (net of refunds)		645	1,079	2,105	5,780

See accompanying notes to interim condensed consolidated financial statements.

TVA GROUP INC.

Notes to interim condensed consolidated financial statements

Three-month and nine-month periods ended September 30, 2015 and 2014 (unaudited)
(Tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

TVA Group Inc. ("TVA Group" or the "Corporation") is governed by the Québec *Business Corporations Act*. TVA Group is an integrated communications company engaged in the broadcasting, film and audiovisual production, and magazine publishing industries (note 13). The Corporation is a subsidiary of Quebecor Media Inc. ("Quebecor Media" or the "parent corporation") and its ultimate parent corporation is Quebecor Inc. ("Quebecor"). The Corporation's head office is located at 1600 de Maisonneuve Boulevard East, Montreal, Quebec, Canada.

The Corporation's businesses experience significant seasonality due to, among other factors, seasonal advertising patterns, consumers' viewing and reading habits, and demand for production services from international and local producers. Because the Corporation depends on the sale of advertising for a significant portion of its revenues, operating results are also sensitive to prevailing economic conditions, including changes in local, regional and national economic conditions, particularly as they may affect advertising expenditures. Accordingly, the results of operations for interim periods should not necessarily be considered indicative of full-year results.

1. Basis of presentation

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), except that they do not include all disclosures required under IFRS for annual consolidated financial statements. In particular, these consolidated financial statements were prepared in accordance with IAS 34, *Interim Financial Reporting*, and are condensed consolidated financial statements. These condensed consolidated financial statements should be read in conjunction with the Corporation's 2014 annual consolidated financial statements, which describe the accounting policies used to prepare these financial statements.

Certain comparative figures for the three-month and nine-month periods ended September 30, 2014 have been restated to conform to the presentation adopted for the three-month and nine-month periods ended September 30, 2015.

2. Revenues

The breakdown of revenues between advertising services, royalties, leasing and post-production services and other services rendered, and product sales is as follows:

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2015	2014	2015	2014
Advertising services	\$ 49,470	\$ 42,319	\$ 181,444	\$ 158,695
Royalties, leasing and post-production services and other services rendered	58,211	27,704	163,055	80,040
Product sales	30,842	24,502	79,962	70,811
	\$ 138,523	\$ 94,525	\$ 424,461	\$ 309,546

TVA GROUP INC.

Notes to interim condensed consolidated financial statements (continued)

Three-month and nine-month periods ended September 30, 2015 and 2014 (unaudited)
 (Tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

3. Purchases of goods and services

The main components of purchases of goods and services are as follows:

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2015	2014	2015	2014
Royalties, rights and production costs	\$ 38,831	\$ 35,431	\$ 183,184	\$ 128,119
Printing and distribution	9,450	4,194	22,228	12,694
Services rendered by parent corporation				
- Commissions on advertising sales	3,791	2,760	12,537	9,028
- Other	2,194	2,705	6,883	7,880
Building costs	4,729	2,118	14,558	6,798
Marketing, advertising and promotion	2,924	4,158	12,034	10,753
Other	8,323	5,739	22,098	16,236
	\$ 70,242	\$ 57,105	\$ 273,522	\$ 191,508

4. Financial expenses

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2015	2014	2015	2014
Interest on long-term debt	\$ 741	\$ 1,125	\$ 2,352	\$ 3,370
Interest on credit facility from parent corporation (note 11 b))	—	—	805	—
Amortization of financing costs	69	50	245	151
Foreign exchange loss	19	42	185	28
Interest expense (revenues) on net defined benefit asset or liability	13	(72)	39	(215)
Other	167	(67)	188	(161)
	\$ 1,009	\$ 1,078	\$ 3,814	\$ 3,173

TVA GROUP INC.

Notes to interim condensed consolidated financial statements (continued)

Three-month and nine-month periods ended September 30, 2015 and 2014 (unaudited)

(Tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

5. Impairment of a licence and goodwill

During the third quarter of 2015, the Corporation completed the annual update of its strategic plan for the next three years. Market conditions in the television industry, particularly the continuing pressure on advertising revenues, led the Corporation to perform an impairment test on its Broadcasting & Production cash-generating unit ("CGU"). The Corporation concluded that the recoverable amount, based on value in use, of the Broadcasting & Production CGU was less than its carrying amount. A \$60,107,000 non-cash impairment charge was recorded with respect to the broadcasting licence, including \$30,054,000 without any tax consequences (\$32,462,000 in 2014, including \$16,231,000 without any tax consequences). In 2014, an \$8,538,000 non-cash goodwill impairment charge, without any tax consequences, was also recognized. The Corporation used an 11.10% pre-tax discount rate and a 0.0% perpetual growth rate to calculate the recoverable amount (11.08% pre-tax discount rate and 1.0% perpetual growth rate in 2014).

6. Operational restructuring costs, impairment of assets and other costs

In the three-month and nine-month periods ended September 30, 2015 and 2014, the Corporation recorded the following operational restructuring costs in connection with the elimination of positions:

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2015	2014	2015	2014
Broadcasting & Production	\$ 274	\$ 109	\$ 739	\$ 109
Magazines	602	–	1,882	–
Film Production & Audiovisual Services	4	–	339	–
	\$ 880	\$ 109	\$ 2,960	\$ 109

During the three-month period ended September 30, 2015, the Corporation recorded a \$32,000 net reversal of professional fees and integration costs (\$599,000 expense for the nine-month period ended September 30, 2015) in connection with the acquisition of substantially all of the assets of Mels Studios and Postproduction G.P. ("MELS", formerly A.R. Global Vision Ltd.) and the acquisition of magazines from Transcontinental Inc.

On October 15, 2015, the Supreme Court of Canada refused to hear an appeal from Bell ExpressVu Limited Partnership ("Bell ExpressVu"), a subsidiary of Bell Canada, against a Quebec Court of Appeal judgement in favour of Videotron Ltd. and TVA Group rendered on March 6, 2015. The ruling ordered Bell ExpressVu to pay TVA Group \$665,000, including interest, for having failed to implement an appropriate security system in a timely manner to prevent piracy of its satellite television signals between 1999 and 2005, harming its competitors and broadcasters. Accordingly, on October 19, 2015, Bell ExpressVu paid the amount of \$933,000, including interest and professional fees, in connection with the outcome of this case. In the third quarter of 2015, a \$680,000 gain, including interest, was recognized in operational restructuring costs, impairment of assets and other costs.

TVA GROUP INC.

Notes to interim condensed consolidated financial statements (continued)

Three-month and nine-month periods ended September 30, 2015 and 2014 (unaudited)
(Tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

7. Business acquisitions and disposal

On April 12, 2015, the Corporation acquired 14 magazines from Transcontinental, four of which are owned and operated in partnership, as well as three websites, custom publishing contracts and book publishing operations, for a cash purchase price of \$55,500,000. A \$2,012,000 amount payable was also recorded in accounts payable and accrued liabilities as a preliminary adjustment based on a predetermined working capital target agreed to by the parties.

The acquisition was in keeping with the Corporation's strategy of investing in the production and dissemination of diverse, rich, high-quality entertainment content. The acquired intangible assets basically consist of customer lists and mastheads. The goodwill related to the acquisition arises mainly from the quality of the content and the expected synergies.

The preliminary allocation of the fair value of assets and liabilities associated with this acquisition is as follows:

Assets acquired	
Current assets	\$ 22,062
Investment	2,237
Property, plant and equipment	867
Intangible assets	19,250
Goodwill	34,051
Deferred income taxes	400
	78,867
Liabilities assumed	
Current liabilities	(20,790)
	(20,790)
Net assets acquired at fair value	58,077
Non-controlling interest	(565)
	\$ 57,512
Consideration	
Cash	55,500
Amount payable	2,012
	\$ 57,512

As part of this transaction, the Corporation simultaneously transferred the acquired book publishing operations to Sogides Group Inc., a corporation under common control, for an agreed price of \$811,000, including \$300,000 in cash and a balance receivable of \$511,000. The transferred net assets include \$898,000 in current assets, a \$127,000 publishing fund and \$214,000 in current liabilities.

The Corporation's consolidated revenues and consolidated pro forma net loss would have been \$446,550,000 and \$54,528,000 respectively if this net business acquisition had occurred at the beginning of the nine-month period ended September 30, 2015.

Goodwill in the amount of \$7,635,000 is deductible for income tax purposes.

TVA GROUP INC.

Notes to interim condensed consolidated financial statements (continued)

Three-month and nine-month periods ended September 30, 2015 and 2014 (unaudited)
(Tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

7. Business acquisitions and disposal (continued)

MELS

In the second quarter of 2015, the Corporation recorded a \$1,217,000 amount payable as a preliminary adjustment related to the acquisition of MELS in 2014. In the third quarter ended September 30, 2015, the amount payable was lowered and \$1,161,000 was paid as a preliminary adjustment to the purchase price. The preliminary adjustment to the purchase price gave rise to recognition of a deferred tax asset of \$373,000, additional goodwill of \$765,000, and a downward adjustment to non-current liabilities in the amount of \$23,000. As the purchase price allocation process had not been completed as of September 30, 2015, the amounts allocated to assets and liabilities may be changed subsequently.

8. Capital stock

a) Authorized capital stock

An unlimited number of Class A common shares, participating, voting, without par value.

An unlimited number of Class B shares, participating, non-voting, without par value.

An unlimited number of preferred shares, non-participating, non-voting, with a par value of \$10 each, issuable in series.

b) Issued and outstanding capital stock

	September 30, 2015	December 31, 2014
4,320,000 Class A common shares	\$ 72	\$ 72
38,885,535 Class B shares (19,450,906 in 2014)	207,208	98,575
	\$ 207,280	\$ 98,647

On March 20, 2015, the Corporation completed a subscription rights offering to its shareholders, whereby it received gross proceeds totalling \$110,000,000 from the issuance of 19,434,629 Class B non-voting shares. Transaction costs of \$1,870,000, less \$503,000 in income tax, were charged to capital stock as a reduction of gross proceeds from the issuance. The transaction costs include \$1,100,000 in commitment fees paid to Quebecor Media.

TVA GROUP INC.

Notes to interim condensed consolidated financial statements (continued)

Three-month and nine-month periods ended September 30, 2015 and 2014 (unaudited)

(Tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

8. Capital stock (continued)

c) Loss per share attributable to shareholders

The following table shows the computation of loss per basic and diluted share attributable to shareholders:

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2015	2014	2015	2014
Net loss attributable to shareholders	\$ (36,455)	\$ (35,670)	\$ (53,754)	\$ (36,670)
Weighted average number of basic and diluted shares outstanding	43,205,535	23,770,906	37,368,027	23,770,906
Basic and diluted loss per share attributable to shareholders	\$ (0.84)	\$ (1.50)	\$ (1.44)	\$ (1.54)

The loss per diluted share calculation does not take into consideration the potential dilutive effect of stock options of the Corporation, because their impact is non-dilutive.

9. Accumulated other comprehensive income (loss)

	Cash flow hedge	Defined benefits plan	Total
Balance as at December 31, 2013 and September 30, 2014	\$ –	\$ 5,148	\$ 5,148
Other comprehensive loss	–	(8,766)	(8,766)
Balance as at December 31, 2014	–	(3,618)	(3,618)
Other comprehensive loss	(379)	–	(379)
Balance as at September 30, 2015	\$ (379)	\$ (3,618)	\$ (3,997)

The Corporation is using an interest rate swap to secure future interest expenses on a \$39,875,000 portion of its \$75,000,000 secured term loan, which bears interest at a floating rate. This interest rate swap is designated as a cash flow hedge and therefore the effective portion of the hedge is reported in other comprehensive income while the ineffective portion is immediately recognized in loss. In the three-month and nine-month periods ended September 30, 2015, losses of \$5,000 and \$22,000 respectively were recognized in loss under financial expenses in connection with the ineffective portion of the hedge.

TVA GROUP INC.

Notes to interim condensed consolidated financial statements (continued)

Three-month and nine-month periods ended September 30, 2015 and 2014 (unaudited)
 (Tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

10. Stock-based compensation and other stock-based payments

	Nine-month period ended September 30, 2015			
	Corporation's Class B stock options		Quebecor Media stock options	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Balance as at December 31, 2014	525,368	\$ 15.25	355,432	\$ 55.43
Granted	80,000	6.85	50,000	70.56
Exercised	–	–	(79,972)	51.24
Expired	(59,631)	21.28	–	–
Cancelled	(82,366)	13.68	(8,200)	67.80
Stock options related to Executive transferred to TVA Group	–	–	148,500	55.72
Stock options related to Executive transferred to Quebecor Media	–	–	(233,360)	53.71
Balance as at September 30, 2015	463,371	\$ 13.30	232,400	\$ 61.61

Of the options outstanding as at September 30, 2015, 369,371 Corporation Class B stock options at an average exercise price of \$14.81 and 11,200 Quebecor Media stock options at an average exercise price of \$59.23 could be exercised.

During the three-month period ended September 30, 2015, 33,200 Quebecor Media stock options were exercised for a cash consideration of \$1,732,000 (8,000 stock options were exercised for a cash consideration of \$61,000 for the same period of 2014). During the nine-month period ended September 30, 2015, 79,972 Quebecor Media stock options were exercised for a cash consideration of \$2,471,000 (29,375 stock options were exercised for a cash consideration of \$413,000 for the same period of 2014).

During the three-month and nine-month periods ended September 30, 2015, the Corporation recorded compensation expenses of \$11,000 and \$6,000 respectively (nil and a compensation expense reversal of \$46,000 respectively in the same periods of 2014) in relation to the Corporation's Class B stock options, and compensation expenses of \$126,000 and \$957,000 respectively (\$262,000 and \$859,000 respectively in the same periods of 2014) in relation to Quebecor Media stock options.

TVA GROUP INC.

Notes to interim condensed consolidated financial statements (continued)

Three-month and nine-month periods ended September 30, 2015 and 2014 (unaudited)
(Tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

11. Related party transactions

a) Share of loss and capital contributions to the “SUN News” specialty service

On February 13, 2015, Sun Media Corporation, a corporation under common control, announced the discontinuation of the operations of the “SUN News” specialty service. As at September 30, 2015, the Corporation’s share of the “SUN News” specialty service’s loss included costs related to the discontinuation of operations.

In a corporate reorganization carried out in April 2015, Sun Media Corporation was folded into Quebecor Media, which now holds 51% of SUN News General Partnership, the name of which was changed on September 30, 2015 to ROC Television G.P. (“ROC Television”).

In 2015, the Corporation has continued making capital contributions to ROC Television and a \$1,760,000 allowance was recorded under accounts payable and accrued liabilities as at September 30, 2015 to cover costs related to the discontinuation of operations.

During the three-month period ended September 30, 2015, the partners in ROC Television made no capital contribution to ROC Television. In the same quarter of 2014, the partners in ROC Television made a capital contribution of \$4,100,000, including \$2,009,000 from the Corporation.

During the nine-month period ended September 30, 2015, the partners in ROC Television made a capital contribution of \$5,900,000 (\$10,300,000 during the same period of 2014), including \$2,891,000 from the Corporation (\$5,047,000 during the same period of 2014).

b) Repayment of credit facility

On December 30, 2014, in connection with the funding of the acquisition of the assets of MELS, the Corporation obtained a \$100,000,000 credit facility from Quebecor Media. On March 20, 2015, the Corporation paid down the credit facility using the proceeds from the subscription rights offering (note 8). The Corporation recognized and paid an \$805,000 interest expense in connection with this transaction in the first quarter of 2015, which is included in financial expenses.

12. Guarantees

In the normal course of business, the Corporation enters into indemnification agreements with third parties as part of certain transactions, including acquisition contracts for goods, service agreements and leases. These indemnification agreements require the Corporation to compensate the third parties for costs incurred as a result of specific circumstances. The terms of these indemnification agreements vary from transaction to transaction, based on the contract terms. The nature of these indemnification agreements prevents the Corporation from making a reasonable estimate of the maximum potential amount it could be required to pay to third parties for all of its commitments. In the first quarter of 2014, the liability risk under specific commitments, which totalled \$4,700,000 at December 31, 2013, was recognized in purchases of goods and services.

TVA GROUP INC.

Notes to interim condensed consolidated financial statements (continued)

Three-month and nine-month periods ended September 30, 2015 and 2014 (unaudited)

(Tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

13. Segmented information

At the beginning of 2015, the Corporation revised its business segments to better reflect changes in its operations and management structure following the acquisition of substantially all of the assets of MELS on December 30, 2014. Accordingly, the new Film Production & Audiovisual Services segment was created.

In addition, since April 12, 2015, following the transaction with Transcontinental Inc., the operations of the acquired magazines have been included in the Magazines segment's results, while custom publishing operations have been included in the Broadcasting & Production segment's results.

The Corporation's operations now consist of the following segments:

- The **Broadcasting & Production segment**, which includes the operations of TVA Network (including the subsidiary and divisions TVA Productions Inc., TVA Nouvelles and TVA Interactif), specialty services, the marketing of digital products associated with the various televisual brands, the commercial production, dubbing, custom publishing and premedia services of TVA Accès Inc., and distribution of audiovisual products by the TVA Films division;
- The **Magazines segment**, which through its subsidiaries, notably TVA Publications Inc. and Les Publications Charron & Cie inc., publishes French- and English-language magazines in various fields such as the arts, entertainment, television, fashion, sports and decoration as well as the marketing of digital products associated with the various magazine brands;
- The **Film Production & Audiovisual Services segment**, which since December 30, 2014 has included the soundstage and equipment leasing, post-production and visual effects services provided by MELS.

TVA GROUP INC.

Notes to interim condensed consolidated financial statements (continued)

Three-month and nine-month periods ended September 30, 2015 and 2014 (unaudited)

(Tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

13. Segmented information (continued)

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2015	2014	2015	2014
Revenues				
Broadcasting & Production	\$ 87,145	\$ 78,829	\$ 305,564	\$ 264,005
Magazines	32,265	16,243	73,980	47,339
Film Production & Audiovisual Services	20,460	–	48,366	–
Intersegment items	(1,347)	(547)	(3,449)	(1,798)
	138,523	94,525	424,461	309,546
Adjusted operating income¹				
Broadcasting & Production	19,527	4,796	11,579	14,655
Magazines	3,732	2,842	5,883	7,957
Film Production & Audiovisual Services	7,605	–	13,082	–
	30,864	7,638	30,544	22,612
Depreciation of property, plant and equipment and amortization of intangible assets	6,871	5,870	20,758	16,571
Financial expenses	1,009	1,078	3,814	3,173
Impairment of a licence and goodwill	60,107	41,000	60,107	41,000
Operational restructuring costs, impairment of assets and other costs	168	109	2,879	109
Loss before tax recovery and share of loss of associated corporations	\$ (37,291)	\$ (40,419)	\$ (57,014)	\$ (38,241)

The above-noted intersegment items represent the elimination of normal course business transactions between the Corporation's business segments regarding revenues.

(1) The Chief Executive Officer uses adjusted operating income (loss) as a measure of financial performance for assessing the performance of each of the Corporation's segments. Adjusted operating income (loss) is defined as net income (loss) before depreciation of property, plant and equipment, amortization of intangible assets, financial expenses, operational restructuring costs, impairment of assets and other costs, income taxes and share of loss (income) of associated corporations. Adjusted operating income (loss) as defined above is not a measure of results that is consistent with IFRS.