August 1st, 2016

For immediate release

TVA GROUP REPORTS $5.7 MILLION NET LOSS ATTRIBUTABLE TO SHAREHOLDERS IN THE SECOND QUARTER OF 2016

Montreal, Canada - TVA Group Inc. (the "Corporation") today announced that it recorded a net loss attributable to shareholders of $5.7 million, or a loss of $0.13 per share, in the second quarter of 2016, compared with a loss of $2.6 million, or a loss of $0.06 per share, in the same quarter of 2015.

Second quarter operating highlights:

- Consolidated adjusted operating income[1] of $2,427,000, an unfavourable variance of $4,944,000 (-67%) from the same quarter of 2015;

- $2,431,000 adjusted operating loss[1] in the Broadcasting & Production segment, a $3,298,000 negative variance due primarily to a 20% increase in the adjusted operating loss[1] of "TVA Sports" because of lower advertising sales resulting from the failure of the Montreal Canadiens and other Canadian teams in the National Hockey League ("NHL") for the Stanley Cup playoffs;

- $3,920,000 adjusted operating income[1] in the Magazines segment, up $2,701,000 (222%) mainly because of the addition for part of the quarter of the adjusted operating results generated by the magazines acquired from Transcontinental, the operational synergies realized since the integration of the acquired magazines, and other cost-cutting initiatives;

- $938,000 adjusted operating income[1] in the Film Production & Audiovisual Services segment ("MELS"), a negative variance of $4,347,000 (-82%) due to lower volume of activities in soundstage and equipment rental and in visual effects. In the same quarter of 2015, our soundstages and production equipment were heavily used for the major US production *X-Men Apocalypse*.

"Our quarterly results were impacted by the decline in the TVA Sports channel's advertising sales, due in large part to the fact that the Montreal Canadiens didn't make the NHL playoffs. Apart from that unusual circumstance, we are satisfied with the performance of the other units of our Broadcasting & Production segment, particularly TVA Network, which grew its adjusted operating income by 2.2% and increased its market share to 23.4%,[2] up 1.4 percentage points from the same period of 2015. TVA Network carried 4 of the top 5 most-watched programs in Quebec, including *La Voix*, which was the Number one show again with more than 2.7 million viewers", commented Julie Tremblay, President and Chief Executive Officer of the Corporation.

"The increase in the Magazines segment's operating results was the result of a concerted effort to successfully integrate the magazines acquired from Transcontinental on April 12, 2015. Our editorial and content management teams are constantly improving the content of our brands and magazines in order to address our readers' ever-changing needs.

[1] See definition of adjusted operating income (loss) below.
[2] Source: Numeris – French Quebec, April 1 to June 30, 2016, Mon-Sun, 2:00 – 2:00, All 2+

The latest Vividata[3] surveys show that we have grown our print readership by 2% and maintained our leading position in Canada's magazine publishing industry with nearly 9 million readers across all platforms", said Ms Tremblay.

"Finally, the Film Production & Audiovisual Services segment suffered from the absence of any major Hollywood production in the second quarter of 2016, whereas the movie *X-Men Apocalypse* was filming on our soundstages in the same period of 2015. However, we are pleased with the bookings we have for next months," concluded Julie 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 others, 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 and risks related to the loss of key customers in the Film Production & Audiovisual Services segment), 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, 2015 and the "Risk Factors" section in the Corporation's 2015 annual information form.

The forward-looking statements in this news release reflect the Corporation's expectations as of August 1st, 2016 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.

[3] Source : Vividata, Q1 2016, Total Canada, 12+

TVA Group

TVA Group Inc., a subsidiary of Quebecor Media Inc., is an integrated communications company engaged in the broadcasting, film and audiovisual production, and magazine publishing industries. TVA Group Inc. is the largest broadcaster of French-language entertainment, information and public affairs programming, in North America, and one of the largest private production companies. TVA Group is also a leading publisher of French-language magazines and publishes some of Canada's most popular English-language titles. 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
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TVA GROUP INC.
Interim consolidated statements of loss

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

	Note	Three-month periods ended June 30		Six-month periods ended June 30	
		2016	2015	**2016**	2015
Revenues	2	**$ 144,229**	$ 159,424	**$ 289,752**	$ 285,938
Purchases of goods and services	3	**101,227**	109,869	**204,760**	203,280
Employee costs		**40,575**	42,184	**82,268**	82,978
Depreciation of property, plant and equipment and amortization of intangible assets		**8,920**	7,079	**17,354**	13,887
Financial expenses	4	**866**	870	**1,836**	2,805
Operational restructuring costs, impairment of assets and others	5	**708**	2,304	**1,160**	2,711
Loss before tax recovery and share of (income) loss of associated corporations		**(8,067)**	(2,882)	**(17,626)**	(19,723)
Tax recovery		**(2,126)**	(412)	**(4,225)**	(6,394)
Share of (income) loss of associated corporations		**(222)**	258	**(328)**	4,110
Net loss		**$ (5,719)**	$ (2,728)	**$ (13,073)**	$ (17,439)
Net loss attributable to:					
Shareholders		**$ (5,676)**	$ (2,588)	**$ (13,065)**	$ (17,299)
Non-controlling interest		**(43)**	(140)	**(8)**	(140)
Basic and diluted loss per share attributable to shareholders	7 c)	**$ (0.13)**	$ (0.06)	**$ (0.30)**	$ (0.50)

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 June 30		Six-month periods ended June 30	
	Note	**2016**	2015	**2016**	2015
Net loss		**$ (5,719)**	$ (2,728)	**$ (13,073)**	$ (17,439)
Other comprehensive items that may be reclassified to income:					
Cash flow hedge:					
Gain (loss) on valuation of derivative financial instruments	9	**71**	182	**163**	(365)
Deferred income taxes	9	**(19)**	(49)	**(44)**	98
Other comprehensive items that will not be reclassified to income:					
Defined benefit plans:					
Re-measurement loss	9	**(10,000)**	–	**(25,000)**	–
Deferred income taxes	9	**2,685**	–	**6,685**	–
		(7,263)	133	**(18,196)**	(267)
Comprehensive loss		**$ (12,982)**	$ (2,595)	**$ (31,269)**	$ (17,706)
Comprehensive loss attributable to:					
Shareholders		**$ (12,939)**	$ (2,455)	**$ (31,261)**	$ (17,566)
Non-controlling interest		**(43)**	(140)	**(8)**	(140)

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 7)	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (note 9)		
Balance as at December 31, 2014	$ 98,647	$ 581	$ 162,595	$ (3,618)	$ –	$ 258,205
Business acquisitions (note 6)	–	–	–	–	565	565
Net loss	–	–	(17,299)	–	(140)	(17,439)
Issuance of share capital, net of transaction costs	108,725	–	–	–	–	108,725
Other comprehensive loss	–	–	–	(267)	–	(267)
Balance as at June 30, 2015	207,372	581	145,296	(3,885)	425	349,789
Business acquisitions (note 6)	–	–	–	–	(148)	(148)
Net (loss) income	–	–	(37,927)	–	399	(37,528)
Transaction costs related to issuance of share capital	(92)	–	–	–	–	(92)
Other comprehensive loss	–	–	–	(2,589)	–	(2,589)
Balance as at December 31, 2015	207,280	581	107,369	(6,474)	676	309,432
Net loss	–	–	(13,065)	–	(8)	(13,073)
Other comprehensive loss	–	–	–	(18,196)	–	(18,196)
Balance as at June 30, 2016	**$ 207,280**	**$ 581**	**$ 94,304**	**$ (24,670)**	**$ 668**	**$ 278,163**

See accompanying notes to interim condensed consolidated financial statements.

TVA GROUP INC.
Interim consolidated balance sheets

(unaudited)
(in thousands of Canadian dollars)

	June 30, 2016	December 31, 2015
Assets		
Current assets		
Cash	**$ 5,312**	$ 11,996
Accounts receivable	**138,299**	150,930
Income taxes	**7,830**	6,787
Programs, broadcast rights and inventories	**59,127**	79,495
Prepaid expenses	**6,987**	4,064
	217,555	253,272
Non-current assets		
Broadcast rights	**49,269**	36,321
Investments	**12,629**	12,594
Property, plant and equipment	**208,027**	208,103
Intangible assets	**35,999**	39,770
Goodwill	**77,985**	77,985
Deferred income taxes	**17,443**	7,069
	401,352	381,842
Total assets	**$ 618,907**	$ 635,114

TVA GROUP INC.
Interim consolidated balance sheets (continued)

(unaudited)
(in thousands of Canadian dollars)

	Note	**June 30, 2016**	December 31, 2015
Liabilities and equity			
Current liabilities			
Bank overdraft		**$ 6,244**	$ –
Accounts payable and accrued liabilities		**103,099**	112,914
Income taxes		**341**	1,769
Broadcast rights payable		**91,301**	88,867
Provisions		**5,573**	7,107
Deferred revenues		**17,023**	28,148
Short-term debt		**5,156**	4,219
		228,737	243,024
Non-current liabilities			
Long-term debt		**69,144**	68,812
Defined benefit plan liability		**30,349**	2,322
Other liabilities		**9,707**	8,652
Deferred income taxes		**2,807**	2,872
		112,007	82,658
Equity			
Capital stock	7	**207,280**	207,280
Contributed surplus		**581**	581
Retained earnings		**94,304**	107,369
Accumulated other comprehensive loss	9	**(24,670)**	(6,474)
Equity attributable to shareholders		**277,495**	308,756
Non-controlling interest		**668**	676
		278,163	309,432
Total liabilities and equity		**$ 618,907**	$ 635,114

See accompanying notes to interim condensed consolidated financial statements.

On August 1, 2016, the Board of Directors approved the interim condensed consolidated financial statements for the three-month and six-month periods ended June 30, 2016 and 2015.

TVA GROUP INC.
Interim consolidated statements of cash flows

(unaudited)
(in thousands of Canadian dollars)

	Note	Three-month periods ended June 30		Six-month periods ended June 30	
		2016	2015	**2016**	2015
Cash flows related to operating activities					
Net loss		**$ (5,719)**	$ (2,728)	**$ (13,073)**	$ (17,439)
Adjustments for:					
Depreciation and amortization		**8,989**	7,148	**17,492**	14,063
Share of (income) loss of associated corporations		**(222)**	258	**(328)**	4,110
Deferred income taxes		**(2,032)**	(334)	**(3,800)**	(6,027)
Loss on contingent consideration receivable	5	**198**	–	**198**	–
Loss on valuation of derivative financial instruments		**1**	2	**3**	17
		1,215	4,346	**492**	(5,276)
Net change in non-cash balances related to operating activities		**6,325**	42,122	**2,272**	76,871
Cash flows provided by operating activities		**7,540**	46,468	**2,764**	71,595
Cash flows related to investing activities					
Additions to property, plant and equipment		**(3,306)**	(6,034)	**(16,197)**	(12,094)
Additions to intangible assets		**(546)**	(391)	**(1,045)**	(899)
Net change in investments	10 a)	**293**	(539)	**293**	(2,620)
Net business acquisitions	6	**222**	(55,200)	**222**	(55,200)
Cash flows used in investing activities		**(3,337)**	(62,164)	**(16,727)**	(70,813)
Cash flows related to financing activities					
Change in bank overdraft		**(5,574)**	–	**6,244**	(4,486)
Increase in long-term debt		**2,058**	2,909	**1,131**	3,098
Repayment of credit facility from parent corporation	10 b)	**–**	–	**–**	(100,000)
Issuance of share capital, net of transaction costs	7	**–**	–	**–**	108,725
Repayment of derivative financial instruments		**(46)**	(54)	**(96)**	(110)
Cash flows (used in) provided by financing activities		**(3,562)**	2,855	**7,279**	7,227
Net change in cash		**641**	(12,841)	**(6,684)**	8,009
Cash at beginning of period		**4,671**	20,850	**11,996**	–
Cash at end of period		**$ 5,312**	$ 8,009	**$ 5,312**	$ 8,009
Interest and taxes reflected as operating activities					
Net interest paid		**$ 637**	$ 836	**$ 1,271**	$ 2,551
Income taxes paid (net of refunds)		**936**	44	**2,046**	1,460

See accompanying notes to interim condensed consolidated financial statements.

(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 and production, film production and audiovisual services, and magazines publishing industries (note 12). 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, reading and listening habits, and demand for production facilities 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 accordingly, they are condensed consolidated financial statements. These condensed consolidated financial statements should be read in conjunction with the Corporation's 2015 annual consolidated financial statements, which describe the accounting policies used to prepare these financial statements.

Certain comparative figures for the three-month and six-month periods ended June 30, 2015 have been restated to conform to the presentation adopted for the three-month and six-month periods ended June 30, 2016.

2. Revenues

The breakdown of revenues between advertising services, royalties, rental and postproduction services and other services rendered, and product sales is as follows:

	Three-month periods ended June 30		Six-month periods ended June 30	
	2016	2015	**2016**	2015
Advertising services	**$ 70,252**	$ 76,311	**$ 134,702**	$ 134,943
Royalties, rental and postproduction services and other services rendered	**48,307**	55,117	**102,327**	101,875
Product sales	**25,670**	27,996	**52,723**	49,120
	$ 144,229	$ 159,424	**$ 289,752**	$ 285,938

(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 June 30		Six-month periods ended June 30	
	2016	2015	**2016**	2015
Royalties, rights and production costs	**$ 67,514**	$ 75,209	**$ 137,971**	$ 144,353
Printing and distribution	**8,635**	8,778	**16,823**	12,778
Services rendered by parent corporation				
- Commissions on advertising sales	**5,447**	5,595	**10,315**	8,746
- Others	**2,189**	2,237	**4,391**	4,689
Building costs	**5,154**	5,497	**10,777**	9,829
Marketing, advertising and promotion	**5,597**	4,543	**9,194**	9,110
Others	**6,691**	8,010	**15,289**	13,775
	$ 101,227	$ 109,869	**$ 204,760**	$ 203,280

4. Financial expenses

	Three-month periods ended June 30		Six-month periods ended June 30	
	2016	2015	**2016**	2015
Interest on long-term debt	**$ 603**	$ 773	**$ 1,276**	$ 1,611
Interest on credit facility from parent corporation (note 10 b))	**–**	–	**–**	805
Foreign exchange loss	**98**	25	**233**	166
Amortization of financing costs	**69**	69	**138**	176
Interest expense on net defined benefit liability	**87**	13	**174**	26
Loss on valuation of derivative financial instruments	**1**	2	**3**	17
Others	**8**	(12)	**12**	4
	$ 866	$ 870	**$ 1,836**	$ 2,805

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

5. Operational restructuring costs, impairment of assets and others

In the three-month and six-month periods ended June 30, 2016 and 2015, the Corporation recorded the following operational restructuring costs, mainly in connection with elimination of positions:

	Three-month periods ended June 30		Six-month periods ended June 30	
	2016	2015	**2016**	2015
Broadcasting & Production	**$ 404**	$ 465	**$ 404**	$ 465
Magazines	**76**	1,280	**390**	1,280
Film Production & Audiovisual Services	**18**	90	**96**	335
	$ 498	$ 1,835	**$ 890**	$ 2,080

In the second quarter of 2016, the Corporation recognized a $198,000 loss on the contingent consideration receivable from Sogides Group Inc. in connection with the sale of the book publishing operations acquired in the transaction with Transcontinental Inc. (note 6).

Furthermore, during the three-month period ended June 30, 2016, the Corporation recorded professional fees in the amount of $12,000 in connection with business acquisitions made in 2014 and 2015 ($469,000 in the same period of 2015). During the six-month period ended June 30, 2016, the Corporation recorded professional fees in the amount of $72,000 in connection with those acquisitions ($631,000 in the same period of 2015).

6. Business acquisitions and disposals

On April 12, 2015, the Corporation acquired 14 magazines from Transcontinental Inc, four of which are owned and operated in partnership, as well as three websites, custom publishing contracts and book publishing operations, for a purchase price of $56,286,000 in cash, including $786,000 paid in the fourth quarter of 2015 as a final adjustment contingent upon a predetermined working capital target agreed to by the parties. The process of allocating the purchase price was completed during the three-month period ended December 31, 2015.

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

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

6. Business acquisitions and disposals (continued)

The final purchase price allocation between the fair value of identifiable assets and liabilities related to this acquisition breaks down as follows:

Assets acquired	
Current assets	$ **20,930**
Investment	**2,237**
Property, plant and equipment	**867**
Intangible assets	**19,250**
Goodwill	**34,162**
Deferred income taxes	**400**
	77,846
Liabilities assumed	
Current liabilities	**(21,143)**
	(21,143)
Net assets acquired at fair value	**56,703**
Non-controlling interest	**(417)**
Consideration in cash	$ **56,286**

As part of this transaction, the Corporation simultaneously transferred the acquired book publishing operations to Sogides Group Inc., a corporation under common control, for the agreed price of $720,000, including $300,000 in cash and a contingent consideration receivable valued at $420,000. The transferred net assets included $807,000 in current assets, a $127,000 publishing fund and $214,000 in current liabilities. During the three-month period ended June 30, 2016, the Corporation received a final contingent consideration of $222,000 and recorded a $198,000 loss under other items to reflect the change in value of that consideration (note 5).

Goodwill in the amount of $6,758,000 is deductible for income tax purposes.

Global Vision

As of June 30, 2015, the Corporation had recognized a $1,217,000 balance payable as a preliminary adjustment to the purchase price for the acquisition of substantially all of the assets of A.R. Global Vision Ltd. in 2014. As a result, the preliminary allocation of the fair value of assets and liabilities for this acquisition has been reviewed, leading to recognition of a deferred income tax asset of $373,000, additional goodwill of $821,000, and a downward adjustment to long-term liabilities in the amount of $23,000. The process of allocating the purchase price was completed during the three-month period ended December 31, 2015.

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

7. 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

		June 30, 2016		December 31, 2015
4,320,000 Class A common shares	**$**	**72**	$	72
38,885,535 Class B shares		**207,208**		207,208
	$	**207,280**	$	207,280

On March 20, 2015, the Corporation completed a subscription rights offering to its shareholders, whereby it received net 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 share capital as a reduction of net proceeds from the issuance. The transaction costs included $1,100,000 in commitment fees paid to Quebecor Media.

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 June 30				Six-month periods ended June 30			
		2016		2015		**2016**		2015
Net loss attributable to shareholders	**$**	**(5,676)**	$	(2,588)	**$**	**(13,065)**	$	(17,299)
Weighted average number of basic and diluted shares outstanding		**43,205,535**		43,205,535		**43,205,535**		34,449,274
Basic and diluted loss per share attributable to shareholders	**$**	**(0.13)**	$	(0.06)	**$**	**(0.30)**	$	(0.50)

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.

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

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

	Six-month period ended June 30, 2016			
	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, 2015	463,371	$ 13.30	226,200	$ 61.70
Exercised	–	–	(3,800)	57.39
Expired	(49,250)	15.99	–	–
Balance as at June 30, 2016	**414,121**	**$ 12.98**	**222,400**	**$ 61.78**

Of the options outstanding as at June 30, 2016, 334,121 Corporation Class B stock options at an average exercise price of $14.30 and 25,750 Quebecor Media stock options at an average price of $65.38 could be exercised.

During the three-month period ended June 30, 2016, 3,800 Quebecor Media stock options were exercised for a cash consideration of $30,000 (35,147 stock options were exercised for a cash consideration of $447,000 in the same period of 2015). During the six-month period ended June 30, 2016, 3,800 Quebecor Media stock options were exercised for a cash consideration of $30,000 (46,772 stock options were exercised for a cash consideration of $739,000 in the same period of 2015).

During the three-month and six-month periods ended June 30, 2016, the Corporation did not record any compensation expense in relation to the Corporation's Class B stock options ($6,000 expense and $5,000 reversal respectively in the same periods of 2015) and recognized compensation expenses of $260,000 and $589,000 respectively in relation to Quebecor Media stock options ($103,000 reversal and $831,000 expense respectively in the same periods of 2015).

On July 10, 2016, TVA Group established a differed share unit ("DSU") plan and a performance share unit ("PSU") plan for its employees based on TVA Group Class B Non-voting Shares ("TVA Group Class B Shares"). The DSUs vest over six years and will be redeemed for cash only upon the participant's retirement or termination of employment, as the case may be. The PSUs vest over three years and will be redeemed for cash at the end of this period subject to the achievement of financial targets. DSUs and PSUs entitle the holders to receive additional units when dividends are paid on TVA Group Class B Shares. No treasury shares will be issued for the purposes of these plans. On July 10, 2016, TVA Group awarded 159,499 DSUs and 212,671 PSUs.

On July 13, 2016, Quebecor also established a DSU plan and a PSU plan for its employees and those of its subsidiaries based on Quebecor Class B Shares, among others. The DSUs vest over six years and will be redeemed for cash only upon the participant's retirement or termination of employment, as the case may be. The PSUs vest over three years and will be redeemed for cash at the end of this period subject to the achievement of financial targets. DSUs and PSUs entitle the holders to receive additional units when dividends are paid on Quebecor Class B Shares. No treasury shares will be issued for the purposes of these plans. On July 13, 2016, Quebecor awarded 11,857 DSUs and 13,176 PSUs based on Quebecor Class B Shares, to employees of TVA Group.

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

9. Accumulated other comprehensive loss

	Cash flow hedge	Defined benefit plans	Total
Balance as at December 31, 2014	$ –	$ (3,618)	$ (3,618)
Other comprehensive loss	(267)	–	(267)
Balance as at June 30, 2015	(267)	(3,618)	(3,885)
Other comprehensive loss	(71)	(2,518)	(2,589)
Balance as at December 31, 2015	(338)	(6,136)	(6,474)
Other comprehensive income (loss)	119	(18,315)	(18,196)
Balance as at June 30, 2016	**$ (219)**	**$ (24,451)**	**$ (24,670)**

10. Related party transactions

a) ROC Television G.P. ("ROC Television," formerly SUN News General Partnership)

Since the announcement on February 13, 2015 of the discontinuation of the operations of ROC Television, in which TVA Group holds a 49% interest, the Corporation has continued making capital contributions to ROC Television to cover its operating losses up to the closure date as well as costs related to the discontinuation of operations. A $1,760,000 allowance was recorded under accounts payable and accrued liabilities at June 30, 2016 to cover those costs.

The partners made no capital contribution in the second quarter of 2016, compared with a $1,100,000 contribution in the second quarter of 2015, including $539,000 from TVA Group and $561,000 from the other partner.

The partners made no capital contribution in the first half of 2016, compared with a $5,900,000 contribution in the first half of 2015, including $2,891,000 from TVA Group and $3,009,000 from the other partner.

b) Credit facility from parent corporation

In connection with the funding of the acquisition of substantially all of the assets of A.R. Global Vision Ltd., the Corporation obtained a $100,000,000 credit facility from Quebecor Media, which was paid down in full in the first quarter of 2015 with the proceeds from the subscription rights offering (note 7). The Corporation recognized and paid interest in the amount of $805,000 on that credit facility in the first quarter of 2015.

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

11. Fair value of financial instruments

In accordance with IFRS 13, *Fair Value Measurement*, the Corporation has considered the following fair value hierarchy. This hierarchy reflects the significance of the inputs used in measuring the financial instruments accounted for at fair value on the consolidated balance sheets:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3: inputs that are not based on observable market data (unobservable inputs).

The fair values of long-term debt and of the derivative financial instrument are estimated based on a valuation model using Level 2 inputs. The fair values are based on discounted cash flows using period-end market yields or the market value of similar financial instruments with the same maturity.

The carrying amount and the fair value of the long-term debt and of the derivative financial instrument as at June 30, 2016 and December 31, 2015 were as follows:

	June 30, 2016		December 31, 2015	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Derivative financial instrument	**$ 558**	**$ 558**	$ 814	$ 814
Long-term debt[1]	**74,928**	**74,928**	73,797	73,797

[1] *The carrying amount of long-term debt excludes financing costs.*

12. Segmented information

Management made changes to the Corporation's management structure at the beginning of 2016. Some Broadcasting & Production segment operations formerly conducted by TVA Accès inc. (now Mels Dubbing Inc.) were transferred to other units of the Corporation. Commercial production remained in the Broadcasting & Production segment, while custom publishing, commercial printed production and premedia services were integrated into the operations of the Magazines segment and dubbing became part of the Film Production & Audiovisual Services segment. Financial information for prior comparative periods has been restated to take into account the new presentation.

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 services 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 and markets digital products associated with the various magazine brands, and provides custom publishing, commercial print production and premedia services.

– The **Film Production & Audiovisual Services segment**, which through its subsidiaries Mels Studios and Postproduction G.P. and Mels Dubbing Inc. provides soundstage and equipment rental, postproduction and visual effects services.

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

12. Segmented information (continued)

	Three-month periods ended June 30		Six-month periods ended June 30	
	2016	2015	**2016**	2015
Revenues				
Broadcasting & Production	**$ 105,061**	$ 110,578	**$ 211,024**	$ 214,101
Magazines	**29,197**	31,347	**56,684**	46,225
Film Production & Audiovisual Services	**12,650**	19,855	**28,162**	30,104
Intersegment items	**(2,679)**	(2,356)	**(6,118)**	(4,492)
	144,229	159,424	**289,752**	285,938
Adjusted operating income (loss) [1]				
Broadcasting & Production	**(2,431)**	867	**(6,315)**	(7,792)
Magazines	**3,920**	1,219	**5,979**	2,184
Film Production & Audiovisual Services	**938**	5,285	**3,060**	5,288
	2,427	7,371	**2,724**	(320)
Depreciation of property, plant and equipment and amortization of intangible assets	**8,920**	7,079	**17,354**	13,887
Financial expenses	**866**	870	**1,836**	2,805
Operational restructuring costs, impairment of assets and others	**708**	2,304	**1,160**	2,711
Loss before tax recovery and share of (income) loss of associated corporations	**$ (8,067)**	$ (2,882)	**$ (17,626)**	$ (19,723)

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

(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 others, 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.