Consolidated Financial Statements of

TVA GROUP INC.

For the years ended December 31, 2014 and 2013

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
TVA Group Inc.

We have audited the accompanying consolidated financial statements of **TVA Group Inc.**, which comprise the consolidated balance sheets as at December 31, 2014 and 2013, and the consolidated statements of (loss) income, comprehensive (loss) income, equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of TVA Group Inc. as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP[1]

Montréal, Canada
February 27, 2015

[1] CPA auditor, CA, public accountancy permit no. A121006

TVA GROUP INC.

CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2014 and 2013

Consolidated financial statements

TVA GROUP INC.

CONSOLIDATED STATEMENTS OF (LOSS) INCOME

Years ended December 31, 2014 and 2013
(in thousands of Canadian dollars, except per share amounts)

	Note	2014	2013
Revenues	2 and 23	**$ 439,340**	$ 444,816
Purchases of goods and services	3 and 26	**283,571**	253,485
Employee costs		**126,343**	130,761
Depreciation of property, plant and equipment and amortization of intangible assets	14 and 15	**22,104**	21,430
Financial expenses	5	**4,231**	6,265
Operational restructuring costs, impairment of assets and other costs	6	**3,594**	4,865
Impairment of a licence and goodwill	7	**41,000**	–
(Loss) income before tax (recovery) expense and share of loss of associated corporations		**(41,503)**	28,010
Tax (recovery) expense	9	**(8,753)**	6,110
Share of loss of associated corporations	13	**8,338**	6,154
Net (loss) income attributable to shareholders		**$ (41,088)**	$ 15,746
Basic and diluted (loss) earnings per share attributable to shareholders	21	**$ (1.73)**	$ 0.66

See accompanying notes to consolidated financial statements.

TVA GROUP INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

Years ended December 31, 2014 and 2013
(in thousands of Canadian dollars)

	Note		2014		2013
Net (loss) income		**$**	**(41,088)**	$	15,746
Other comprehensive items that will not be reclassified to income:					
Defined benefit plans:					
Re-measurement (loss) gain	24		**(11,993)**		35,304
Deferred income taxes	9		**3,227**		(9,536)
			(8,766)		25,768
Comprehensive (loss) income attributable to shareholders		**$**	**(49,854)**	$	41,514

See accompanying notes to consolidated financial statements.

TVA GROUP INC.

CONSOLIDATED STATEMENTS OF EQUITY

Years ended December 31, 2014 and 2013
(in thousands of Canadian dollars)

	Equity attributable to shareholders				Total equity
	Capital stock (note 21)	Contributed surplus	Retained earnings	Accumulated other comprehensive (loss) income - Defined benefit plans	
Balance as at December 31, 2012	$ 98,647	$ 581	$ 187,937	$ (20,620)	$ 266,545
Net income	–	–	15,746	–	15,746
Other comprehensive income	–	–	–	25,768	25,768
Balance as at December 31, 2013	98,647	581	203,683	5,148	308,059
Net loss	–	–	(41,088)	–	(41,088)
Other comprehensive loss	–	–	–	(8,766)	(8,766)
Balance as at December 31, 2014	**$ 98,647**	**$ 581**	**$ 162,595**	**$ (3,618)**	**$ 258,205**

See accompanying notes to consolidated financial statements.

TVA GROUP INC.
CONSOLIDATED BALANCE SHEETS

As at December 31, 2014 and 2013
(in thousands of Canadian dollars)

	Note	2014	2013
Assets			
Current assets			
Cash		**$ –**	$ 7,717
Accounts receivable	11	**136,811**	136,408
Income taxes		**5,256**	124
Programs, broadcast and distribution rights and inventories	12	**74,765**	61,428
Prepaid expenses		**3,734**	2,380
		220,566	208,057
Non-current assets			
Broadcast and distribution rights	12	**31,989**	31,985
Investments	6 and 13	**12,111**	14,822
Property, plant and equipment	14 and 19	**201,429**	100,962
Licences and other intangible assets	15	**83,647**	112,566
Goodwill	16	**48,266**	44,536
Defined benefit plan asset	24	**2,964**	8,238
Deferred income taxes	9	**1,060**	885
		381,466	313,994
Total assets		**$ 602,032**	$ 522,051

TVA GROUP INC.

CONSOLIDATED BALANCE SHEETS (continued)

As at December 31, 2014 and 2013
(in thousands of Canadian dollars)

	Note	2014	2013
Liabilities and equity			
Current liabilities			
Bank overdraft		**$ 4,486**	$ –
Accounts payable and accrued liabilities	17	**92,756**	85,960
Income taxes		**777**	1,828
Broadcast and distribution rights payable		**45,660**	17,304
Provisions	18	**321**	645
Deferred revenues	23	**8,690**	9,302
Credit facility from parent corporation	25	**100,000**	–
Short-term debt	19	**938**	74,640
		253,628	189,679
Non-current liabilities			
Long-term debt	19	**72,757**	–
Other liabilities	20	**9,967**	3,974
Deferred income taxes	9	**7,475**	20,339
		90,199	24,313
Equity			
Capital stock	21	**98,647**	98,647
Contributed surplus		**581**	581
Retained earnings		**162,595**	203,683
Accumulated other comprehensive (loss) income		**(3,618)**	5,148
Equity attributable to shareholders		**258,205**	308,059
Commitments, guarantees and contingencies	18 and 26		
Subsequent event	29		
Total liabilities and equity		**$ 602,032**	$ 522,051

See accompanying notes to consolidated financial statements.

On February 27, 2015, the Board of Directors approved the consolidated financial statements for the years ended December 31, 2014 and 2013.

On behalf of the Board of Directors,

(signed)

Sylvie Lalande, Chairperson of the board

(signed)

Marc A. Courtois, Chairman of the Audit Committee

TVA GROUP INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2014 and 2013
(in thousands of Canadian dollars)

	Note	2014	2013
Cash flows related to operating activities			
Net (loss) income		**$ (41,088)**	$ 15,746
Adjustments for:			
Depreciation and amortization	5, 14 and 15	**22,326**	21,632
Impairment of assets	6	**832**	2,093
Impairment of a licence and goodwill	7	**41,000**	–
Share of loss of associated corporations		**8,338**	6,154
Deferred income taxes	9	**(9,838)**	1,162
Cash flows provided by current operations		**21,570**	46,787
Net change in non-cash balances related to operating activities	10 (a)	**15,116**	(20,509)
Cash flows provided by operating activities		**36,686**	26,278
Cash flows related to investing activities			
Additions to property, plant and equipment	14	**(22,158)**	(16,245)
Additions to intangible assets	15	**(2,489)**	(3,003)
Acquisition of businesses, net of cash	8	**(116,616)**	(6,607)
Net change in investments	13 and 25	**(6,459)**	(3,325)
Cash flows used in investing activities		**(147,722)**	(29,180)
Cash flows related to financing activities			
Bank overdraft		**4,486**	–
Increase of credit facility from parent corporation	25	**100,000**	–
Repayment of long-term debt	19	**(75,000)**	–
Increase of long-term debt	19	**74,737**	–
Financing costs	19	**(904)**	–
Cash flows used in financing activities		**103,319**	–
Net change in cash		**(7,717)**	(2,902)
Cash, beginning of year		**7,717**	10,619
Cash, end of year		**$ –**	$ 7,717

See accompanying notes to 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, cinema and magazine publishing industries. The Corporation is a subsidiary of Quebecor Media Inc. ("Quebecor Media" or "the parent corporation") and the 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 ownership interests in its main subsidiaries are as follows:

	% of ownership
TVA Publications Inc.	100.0%
Les Publications Charron & Cie Inc.	100.0%
Montreal Studios & Equipment s.e.n.c	100.0%
TVA Productions Inc.	100.0%
TVA Productions II Inc.	100.0%
TVA Sales and Marketing Inc.	100.0%
TVA Accès Inc.	100.0%

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These consolidated financial statements have been prepared in accordance with IFRS as issued by the *International Accounting Standards Board* ("IASB"). These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments (note 1(l)), the stock-based compensation liability (note 1(u)) and the net defined benefit asset or liability (note 1(v)), and are presented in Canadian dollars, which is the currency of the primary economic environment in which the Corporation and its subsidiaries operate ("functional currency").

The comparative figures for the year ended December 31, 2013 have been restated to conform to the presentation adopted for the year ended December 31, 2014.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policies

On January 1, 2014, the Corporation adopted retrospectively IFRIC 21 – *Levies*, which clarifies the timing of accounting for a liability for outflow of resources that is imposed by governments in accordance with legislation, based on the activity that triggers the payment. The adoption of this interpretation did not have a material impact on the consolidated financial statements.

(c) Consolidation

The consolidated financial statements include the accounts of the Corporation and its subsidiaries. All intercompany balances and transactions were eliminated on consolidation.

A subsidiary is an entity controlled by the Corporation. The Corporation controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

(d) Business combinations

A business combination is accounted for by the acquisition method. The cost of an acquisition is measured at the acquisition-date fair value of the consideration given in exchange for control of the acquiree. This consideration may comprise cash payments, asset transfers, financial instrument issues or future contingent payments. The identifiable assets acquired and liabilities assumed from the acquiree are recognized at acquisition-date fair value. The results of an acquiree's operations are included in the Corporation's consolidated financial statements from the date of the business acquisition. Business acquisition and integration costs are expensed as incurred.

(e) Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated into the functional currency at the exchange rate in effect at the balance sheet date. Other assets and liabilities are translated into the functional currency at the exchange rate in effect at the transaction date. Revenues and expenses in foreign currencies are translated into the functional currency at the average rate in effect during the year, with the exception of depreciation and amortization, which are translated at the historical rate. Translation gains and losses are included in the statements of income for the year under "Financial expenses."

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Revenue recognition

<u>Advertising revenues</u>

Revenues from the sale of advertising airtime and space on the Corporation's websites are recognized when the advertisement airs or is displayed online. Revenues from the sale of advertising space in magazines are recognized when the advertisement is published, i.e. at the magazine publication date.

<u>Subscription revenues</u>

Fee revenues from specialty television channel subscriptions are recognized on a monthly basis when the service is rendered.

Amounts received for magazine subscriptions are accounted for as deferred revenues and are amortized over the subscription term.

<u>Revenues from newsstand magazine sales</u>

Revenues from newsstand magazine sales are recognized when the magazines are delivered to newsstands and are calculated using an amount of revenue less an allowance for future returns.

<u>Distribution revenues</u>

Revenues from the sale of film and audiovisual product distribution rights are recognized when the following conditions have been met:

(i) Significant risks and rewards of ownership, including effective control, have been transferred to the buyer. Risks and rewards are deemed to have been transferred only if there is a contract or other legally enforceable document setting forth, as a minimum, (a) the licence period, (b) the product or group of products covered and (c) the consideration to be received in exchange for the rights;

(ii) The amount of revenue can be reliably measured;

(iii) The receipt of economic benefits associated with the transaction is probable;

(iv) The licence period has begun and the operation, screening, broadcasting or selling process can begin;

(v) The costs incurred or to be incurred in respect of the transaction can be reliably measured;

(vi) The stage of completion can be reliably measured where services have been rendered.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Revenue recognition (continued)

Distribution revenues (continued)

Theatrical revenues are recognized in the months during which the film is shown in theatres, based on a percentage of box office receipts, provided that the above conditions have been met. Revenues from videos are recognized during the period in which the film is released on video and are based on DVD/Blu-ray deliveries, less an allowance for future returns, or based on a percentage of retail sales, provided that the above conditions have been met.

Sales of products on the home shopping TV channel

Revenues from the sale of products on the home shopping TV channel are recognized when the products are delivered, less an allowance for future returns.

(g) Impairment of assets

For the purposes of assessing impairment, assets are grouped in cash-generating units (“CGUs”), which are the smallest identifiable groups of assets that generate largely independent cash inflows. The Corporation reviews at each balance sheet date whether events or circumstances have occurred to indicate that the carrying amounts of long-lived assets with finite useful lives may be less than their recoverable amounts. Goodwill, intangible assets with indefinite useful lives, and intangible assets not yet available for use are tested for impairment each fiscal year, as well as whenever there is an indication that the carrying amount of the asset, or the CGU to which an asset has been allocated, exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use of the asset or the CGU. Fair value less costs to sell is the amount obtainable by an entity at the valuation date from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset or CGU.

An impairment loss is recognized in the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. When the recoverable amount of a CGU to which goodwill has been allocated is lower than the CGU’s carrying amount, the related goodwill is first impaired. Any excess amount of impairment is recognized and allocated to the assets in the CGU prorated to the carrying amount of each asset in the CGU.

An impairment loss recognized in prior periods for long-lived assets with finite useful lives and intangible assets with indefinite useful lives, other than goodwill, can be reversed through the consolidated statement of income to the extent that the resulting carrying value does not exceed the carrying value that would have been the result if no impairment losses had been previously recognized.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Barter transactions

In the normal course of business, the Corporation broadcasts and publishes advertising in exchange for goods and services. Revenues thus earned and expenses incurred are accounted for on the basis of the fair value of the goods and services provided.

(i) Income taxes

Current income taxes are recognized with respect to amounts expected to be paid or recovered according to tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred income taxes are accounted for using the liability method. Under this method, deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred income tax assets and liabilities are valued at the enacted or substantively enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred income tax assets and liabilities is recognized in income in the period during which the substantive enactment date falls. A deferred income tax asset is recognized initially when it is probable that future taxable income will be sufficient to use the related tax benefits and may be subsequently reduced, if necessary, to the amount that is more probable than not to be realized. A deferred income tax expense or benefit is recognized in other comprehensive income (loss) or otherwise directly in equity to the extent that it relates to items that are recognized in other comprehensive income (loss) or directly in equity in the same or a different period.

In the normal course of the Corporation's operations, there are a number of uncertain tax positions due to the complexity of certain transactions and continuous changes in related tax interpretations and legislation. When a tax position is uncertain, the Corporation recognizes an income tax benefit or reduces an income tax liability only when it is probable that the tax benefit will be realized in the future or the income tax liability is no longer probable.

(j) Earnings per share

Basic earnings per share are calculated based on the weighted average number of common shares outstanding during the year. The Corporation uses the treasury stock method to determine the dilutive effects of options when calculating diluted earnings per share.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Leases

Assets under leasing agreements are classified at the inception of the lease as (i) finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee, or as (ii) operating leases for all other leases.

Operating lease payments are recognized in the consolidated statement of income on a straight-line basis over the period of the lease. Any lessee incentives are deferred and then recognized evenly over the lease term.

(l) Financial instruments

Classification, recognition and measurement

Financial instruments are classified as held for trading, available for sale, held to maturity, loans and receivables or other financial liabilities. Measurement of financial instruments in subsequent periods depends on their classification. The Corporation has classified its financial instruments (except derivative financial instruments) as follows:

Held for trading	Loans and receivables	Available for sale	Other financial liabilities
• Cash • Bank overdraft	• Accounts receivable	• Portfolio investments included under “Investments”	• Accounts payable and accrued liabilities • Broadcast and distribution rights payable • Provisions • Credit facility from parent corporation • Long-term debt • Other long-term financial liabilities included under “Other liabilities”

Financial instruments held for trading are measured at fair value with changes recognized through income. Available-for-sale investment portfolios are measured at fair value or at cost for investments in shares that do not have a quoted market price in an active market or for which fair value is not sufficiently reliable. Any changes in fair value are recorded through comprehensive income (loss). Financial assets classified as loans and receivables and financial liabilities classified as other financial liabilities are initially measured at fair value and subsequently at amortized cost using the effective interest rate method of amortization.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financing costs

Financing costs related to long-term debt are capitalized as a reduction of long-term debt and are amortized using the effective interest rate method.

(n) Tax credits and government assistance

The Corporation is eligible for several government programs designed to support televisual product programming and production, film distribution, magazine publishing and investment projects. Government financial assistance is recognized as revenue or as a reduction in related costs, whether capitalized and amortized or expensed, in the year the costs are incurred and when management has reasonable assurance that the conditions of the government programs are met.

Assistance under the Local Programming Improvement Fund ("LPIF") is recorded in revenues, whereas assistance for television productions is recorded as a reduction of production costs, which are reported in operating expenses. In the Magazines segment, government assistance for the production and distribution of Canadian content in magazines is recognized as revenue. Government assistance is initially reported in deferred revenues and amortized over the period covered by the program.

Government assistance for film distribution is subject to specific conditions with respect to distribution operations; if the Corporation fails to comply with these conditions, it may be required to repay the assistance in whole or in part. The non-refundable portion of the government assistance for marketing costs is accounted for as a reduction of such costs. The potentially refundable portion is accounted for as an advance and is repayable in whole or in part when the film reaches certain profitability levels. If the film fails to reach the expected revenue levels, all or part of such advances would not be refundable by the Corporation and would be accounted for as a reduction of the Corporation's operating expenses.

(o) Trade receivables

Trade receivables are stated at their nominal value, less an allowance for doubtful accounts. The Corporation establishes an allowance for doubtful accounts based on the specific credit risk of its customers and historical trends. Individual trade receivables are written off when management deems them not collectible.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Programs, broadcast and distribution rights and inventories

Programs produced and productions in progress

Programs produced and productions in progress related to broadcasting activities are accounted for at the lower of cost and net realizable value. Cost includes direct charges for goods and services and the share of labour and overhead expenses related to each production. The cost of each program is charged to operating expenses when they are broadcast.

Broadcast rights and broadcast rights payable

Broadcast rights are contractual rights allowing a limited or unlimited number of broadcasts of televisual products or films. The Corporation recognizes an acquired broadcast rights asset and records obligations incurred under broadcast rights acquisition contracts as a liability when the broadcast period begins and the following conditions have been met:

(i) The cost of each program, film or series, or broadcast rights to a live event, is known or can be reasonably determined;

(ii) The programs, films or series have been accepted by the Corporation or the live event is broadcast in accordance with the conditions of the broadcast licence agreement;

(iii) The programs, films or series are available for first showing or broadcast or the live event is broadcast.

Prior to all the above asset recognition conditions being met, the amounts paid for broadcast rights are accounted for as prepaid broadcast rights under “Programs, broadcast and distribution rights and inventories” and “Broadcast and distribution rights.”

Broadcast rights are classified as current or long-term, based on management’s estimate of the broadcast period. These rights are charged to operating expenses when televisual products and films are broadcast over the contract period, using a method based on the manner in which the Corporation will derive future economic benefits from the assets and the estimated number of showings.

Broadcast rights payable are classified as current or long-term liabilities based on the payment terms set out in the acquisition contracts.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Programs, broadcast and distribution rights and inventories (continued)

Distribution rights and distribution rights payable

Distribution rights related to film and audiovisual product distribution activities include costs to acquire film distribution rights and costs incidental to such rights. The Corporation recognizes a distribution rights asset and records obligations incurred under distribution rights acquisition contracts as a liability when (i) the cost of the distribution rights is known or can be reasonably estimated, (ii) the audiovisual product or film has been accepted under the terms set out in the broadcast rights acquisition contract, and (iii) the audiovisual product or film is available for distribution.

Prior to all the above asset recognition conditions being met, the amounts paid for distribution rights are accounted for as prepaid distribution rights under “Programs, broadcast and distribution rights and inventories” and “Broadcast and distribution rights.”

Distribution rights are recognized in operating expenses using the individual-film-forecast-computation method. Under this method, each distribution right is expensed based on actual gross revenues relative to total anticipated economic benefits over a reasonable operating period.

Inventories

Product inventories are valued at the lower of cost, determined by the first-in, first-out method, and net realizable value.

Net realizable value

Estimates of future revenue, used to determine net realizable values of inventories related to the broadcasting or distribution of audiovisual products and films, are reviewed periodically by management and revised as necessary. The carrying value of programs produced and productions in progress, broadcast rights and distribution rights is reduced to net realizable value, as necessary, based on this assessment.

The net realizable value of product inventories is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

The amount of the impairment write-down of programs, broadcast and distribution rights and inventories is reversed when the circumstances that previously caused the write-down expense no longer exist.

(q) Investments

Investments in associated corporations are accounted for using the equity method. Under this method, the share of the income of the associated corporations is recorded in the consolidated statement of income. Other investments are recorded at cost. Carrying values of investments are reduced to estimated fair values if there is objective evidence of impairment.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Property, plant and equipment

Property, plant and equipment are stated at cost. Cost consists of acquisition costs, net of government grants and investment tax credits, and/or development costs, including preparation, installation and testing costs. Future expenditures, such as maintenance and repair costs, are recorded in operating expenses as incurred.

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Assets	Estimated useful life
Buildings and their components	10-40 years
Equipment	5-15 years

Leasehold improvements are depreciated over the shorter of the term of the lease or the economic life of the leased asset.

Depreciation methods, residual values, and the useful lives of significant property, plant and equipment are reviewed at each financial year-end. Any change is accounted for prospectively as a change in accounting estimate.

(s) Goodwill and intangible assets

Goodwill

For all business acquisitions that occurred after January 1, 2010, goodwill is measured and recognized as the excess of the fair value of the consideration paid over the fair value of the recognized identifiable assets acquired and liabilities assumed. When the Corporation acquires less than 100% of equity interests in the acquiree at the acquisition date, goodwill attributable to the non-controlling interest is also recognized at fair value.

Goodwill attributable to business acquisitions occurring prior to January 1, 2010 is the excess of the cost of acquisition over the Corporation's share of the acquisition-date fair value of the identifiable assets acquired and liabilities assumed of the acquiree. No goodwill was attributable to the non-controlling interest in respect of these acquisitions.

For impairment testing purposes (note 1(g)), goodwill is allocated to a CGU as of the business acquisition date. Goodwill is allocated to the CGU or group of CGUs expected to benefit from the synergies of the business acquisition.

Intangible assets

Broadcasting licences, magazine operating licences and publishing trademarks have indefinite useful lives and are not amortized. In particular, given the low cost of renewing broadcasting licences, management considers it economically compelling to renew licences and comply with all their inherent rules and terms and conditions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Goodwill and intangible assets (continued)

Intangible assets (continued)

Intangible assets with finite useful lives are amortized on a straight-line basis over the following periods:

Assets	Estimated useful life
Software, websites and mobile applications	3-10 years
Non-competition agreement	10 years
Favourable distribution agreement	43 months

Amortization methods, residual values, and the useful lives of significant intangible assets are reviewed at each year-end. Any change is accounted for prospectively as a change in accounting estimate.

(t) Provisions

Provisions are recognized when (i) the Corporation has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and when (ii) the amount of the obligation can be reliably estimated. Restructuring costs, consisting primarily of termination benefits, are recognized when a detailed plan for the restructuring exists and a valid expectation has been raised in those affected that the plan will be carried out.

Provisions are reviewed at each balance sheet date and changes in estimates are reflected in the consolidated statement of income in the reporting periods in which the re-measurements occurred.

(u) Stock-based compensation

Stock-based awards to employees that call for settlement in cash or other assets at the option of the employee are classified as a liability and accounted for at fair value. The compensation cost is recognized in expenses over the vesting period. Changes in the fair value of stock-based awards between the grant date and the measurement date result in a change in the liability and compensation expense.

Estimates of the fair value of stock–based awards are determined by applying an option-pricing model, taking into account the terms and conditions of the grant. The main assumptions are discussed in notes 21 and 22.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Pension plans and postretirement benefits

The Corporation offers defined contribution pension plans and defined benefit pension plans to its employees.

<u>Defined contribution pension plans</u>

In accordance with its defined contribution pension plans, the Corporation pays fixed contributions to participating employees' pension plans and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as employee benefits in the consolidated statements of income when the contributions become due.

<u>Defined benefit pension plans and postretirement benefits</u>

Defined benefit pension plan costs are determined using actuarial methods and are accounted for using the projected unit credit method, which incorporates management's best estimates of future salary levels, other cost escalations, employee retirement ages and other actuarial factors. Defined benefit pension costs recognized in the consolidated statements of income as employee costs, mainly include the following:

(i) Services cost provided in exchange for employee services rendered during the year;

(ii) Prior service costs recognized on the earlier of: (a) when the benefit plan is amended or (b) when restructuring costs are recognized.

Interest on the net defined benefit liability or asset, recognized in the consolidated statements of income as financial expenses, is determined by multiplying the net defined benefit liability or asset by the discount rate used to determine the defined benefit obligation.

Re-measurements of the net defined benefit liability or asset are recognized immediately in other comprehensive income and in accumulated other comprehensive income. Re-measurements include the following items:

(i) actuarial gains and losses arising from changes in the financial and demographic actuarial assumptions used to determine defined benefit obligations or resulting from experience adjustments on liabilities;

(ii) the difference between the actual return on plan assets and interest income on plan assets calculated as part of the interest on net defined benefit liabilities or assets;

(iii) Changes in the net defined benefit asset limit or in the minimum funding liability.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Pension plans and post-retirement benefits (continued)

Defined benefit pension plans and postretirement benefits (continued)

Recognition of a net benefit asset is limited under certain circumstances to the amount recoverable, which is primarily based on the present value of future contributions to the plan, to the extent to which the Corporation can unilaterally reduce those future contributions. In addition, an adjustment to the net benefit asset or liability can be recorded to reflect a minimum funding liability in some of the Corporation's pension plans.

Under a former plan, the Corporation also offers life, health and dental insurance plans to some of its retired employees. This post-retirement coverage is no longer offered to the Corporation's active employees. The accounting method used to determine the cost of postretirement benefits is similar to that for defined benefit pension plans. The related benefits are funded by the Corporation as they become due.

(w) Use of estimates and judgment

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities, related amounts of revenues and expenses, and the disclosure of contingent assets and liabilities. Although these estimates are determined on management's best judgment and information available at the time of the assessment date, actual results could differ from these estimates.

The following significant areas represent management's most difficult, subjective or complex estimates:

(i) Recoverable value of an asset or a CGU

When an impairment test is performed on an asset or CGU, management estimates the recoverable amount of the asset or the CGU on the basis of its fair value less costs to sell or its value in use. These estimates are based on valuation models that require the use of certain assumptions, such as a pre-tax discount rate (WACC) or a perpetual growth rate. Those assumptions have a significant impact on the results of the impairment tests and the impairment expense recorded in the consolidated statement of income, if any. Note 16 describes the key assumptions used in the goodwill impairment tests and presents a sensitivity analysis of recoverable amounts.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Use of estimates and judgment (continued)

(ii) Costs and obligations related to pension and postretirement benefit plans

Estimates of costs and obligations related to pension and postretirement benefit obligations are based on a number of assumptions, such as the discount rate, the rate of increase in compensation, the retirement age of employees, health care costs, and other actuarial factors. Certain of these assumptions may have a significant impact on employee costs and financial expenses recognized in the consolidated statement of income, the re-measurement gain or loss on defined benefit plans recognized in the consolidated statement of comprehensive income, and on the carrying value of defined benefit plan asset or other liabilities recognized in the consolidated balance sheet. Key assumptions and sensitivity analysis on discount rate are presented in note 24.

(iii) Provisions

Recognition of provisions requires management to estimate the payments required as of the valuation date to settle the existing obligation or transfer it to a third party. An assessment of the probable outcomes of legal proceedings and other contingencies is also necessary. Note 18 describes the main provisions, including management's assessment of the potential impact of the outcome of legal proceedings on the consolidated statements of income.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Use of estimates and judgment (continued)

The following areas represent management's most significant judgments, apart from those involving estimates:

(i) Determination of useful life periods for the depreciation and amortization of assets with finite useful lives

For each class of assets with finite useful life, management must determine the period over which the Corporation expects to derive future economic benefits from the assets. The determination of a useful life period requires judgment and has an impact on the depreciation and amortization expense recognized in the consolidated statement of income.

(ii) Determination of CGUs for the purpose of impairment test

The determination of CGUs requires judgement when determining the lowest level for which there are separately identifiable cash inflows generated by the group of assets. To identify the assets to be included in a CGU, the Corporation considers, among other things, combined service offerings, sharing of broadcasting infrastructure, integration of media assets, similar market risk exposure and materiality. The determination of CGUs can have an impact on the results of impairment tests and the impairment expense recorded in the consolidated statement of income, if any.

(iii) Interpretation of laws and regulations

The interpretation of laws and regulations, including tax rules, requires management to exercise judgement, which may have an impact on the recognition of provisions for legal disputes and income taxes in the consolidated financial statements.

(x) Recent accounting pronouncements

(i) *IFRS 9 – Financial Instruments* is required to be applied retrospectively for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Corporation has not yet completed its assessment of the impact of the adoption of this pronouncement on its consolidated financial statements.

IFRS 9 simplifies the measurement and classification of financial assets by reducing the number of measurement categories in *IAS 39, Financial Instruments: Recognition and Measurement*. The new standard also provides for a fair value option in the designation of a non-derivative financial liability and its related classification and measurement, as well as for a new hedge accounting model more closely aligned with risk management activities undertaken by entities.

(ii) *IFRS 15 – Revenue from Contracts with Customers* is required to be applied for annual periods beginning on or after January 1, 2017. The Corporation has not yet completed its assessment of the impact of the adoption of this pronouncement on its consolidated financial statements.

IFRS 15 specifies how and when an entity will recognize revenue as well as requiring such entities to provide users of financial statements with more informative disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

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

2. REVENUES

The breakdown of revenues between services rendered and product sales is as follows:

	2014	2013
Services rendered[1]	**$ 341,983**	$ 344,721
Product sales	**97,357**	100,095
	$ 439,340	$ 444,816

[1] The Corporation collects royalties on the retransmission of its television signal in markets located outside the local service areas of its over-the-air stations. On November, 2013, the Copyright Board of Canada ("CBC") approved the agreement regarding a new division of royalties between copyright collectives for the 2009-2013 period, whereby the Corporation received a significantly increased portion of the royalties. The Corporation recorded an amount to reflect the increase in its share of the royalties in 2013, of which $6,111,000 applied to the years 2009 to 2012 and $1,460,000 applied to 2013. These royalties were included in their entirety in other receivables as at December 31, 2013 (note 11).

3. PURCHASES OF GOODS AND SERVICES

The main components are as follows:

	2014	2013
Royalties, rights and production costs	**$ 198,332**	$ 160,033
Printing and distribution	**17,012**	19,382
Marketing, advertising and promotion	**14,842**	15,712
Building costs	**9,007**	8,873
Services rendered by the parent corporation	**22,293**	21,971
Other	**22,085**	27,514
	$ 283,571	$ 253,485

4. BARTER TRANSACTIONS

In the normal course of business, the Corporation broadcasts and publishes advertising in exchange for goods and services. For the year ended December 31, 2014, the Corporation recognized revenues from barter transactions totalling $5,603,000 ($6,328,000 in 2013) and operating expenses related to barter transactions totalling $5,624,000 ($6,514,000 in 2013).

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

5. FINANCIAL EXPENSES

	Note		2014		2013
Interest on long-term debt	19	**$**	**4,421**	$	4,536
Amortization of financing costs			**222**		202
(Revenues) interest expenses on net defined benefit asset or liability	24		**(286)**		1,681
Foreign exchange loss			**43**		23
Net interest income			**(169)**		(177)
		$	**4,231**	$	6,265

6. OPERATIONAL RESTRUCTURING COSTS, IMPAIRMENT OF ASSETS AND OTHER COSTS

		2014		2013
Operational restructuring costs	**$**	**140**	$	2,622
Asset impairment		**832**		2,093
Business acquisition costs		**2,599**		–
Other		**23**		150
	$	**3,594**	$	4,865

During fiscal 2014, the Corporation recorded $140,000 in operational restructuring costs following the elimination of positions ($2,214,000 in 2013), including $108,000 in the Broadcasting & Production segment ($1,058,000 in 2013) and $32,000 in the Magazines segment ($1,156,000 in 2013).

The Corporation recorded an $832,000 impairment charge in connection with its investment in the associated corporation (note 13). On February 13, 2015, Sun Media Corporation announced the closure of SUN News ("closure of SUN News"), in which TVA Group holds a 49% interest.

During fiscal 2014, the Corporation acquired the assets of Vision Globale A.R. ltée ("Vision Globale") (note 8) and entered into an agreement to buy 15 magazines from Transcontinental (note 26 (a)). Accordingly, the Corporation recorded business acquisition costs, including $1,382,000 in real estate transfer taxes and $1,217,000 in professional fees.

The Corporation announced the discontinuation of the TVA Boutiques division’s home shopping and online shopping operations during fiscal 2013. In connection with this repositioning, the Corporation recorded an impairment charge of $1,706,000 on inventory and some receivables, as well as a $408,000 provision for operational restructuring costs, including termination benefits.

During fiscal 2013, the Corporation also recorded a $387,000 impairment charge related to its long-term distribution rights inventory following its decision to discontinue theatrical distribution of new Quebec films.

7. IMPAIRMENT OF A LICENCE AND GOODWILL

During the third quarter of 2014, the Corporation completed the annual review of its three-year strategic plan. Market conditions in the television industry led the Corporation to perform an impairment test on its Broadcasting CGU. The Corporation concluded that the recoverable amount based on fair value less costs of disposal was less than the carrying amount of the CGU. A $32,462,000 non-cash impairment charge with respect to the broadcasting licence and an $8,538,000 non-cash goodwill impairment charge were therefore recorded in the third quarter of 2014.

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

8. BUSINESS ACQUISITIONS

On December 30, 2014, TVA Group acquired substantially all of the assets (including certain liabilities) of Vision Globale for a purchase price of $116.1 million in cash. The purchase price is subject to a post-closing adjustment for assets and liabilities not acquired. Vision Globale operates in the film and television industry by offering soundstage and equipment leasing, post-production and visual effects services. The acquired assets include Mel's La Cité du Cinéma in Montréal and Saint-Hubert, which facilities are used for both local and foreign film and television production, including American blockbusters. The purpose of this acquisition is to invest in activities that are complementary to media in order to diversify revenue streams. Goodwill related to acquisition arises principally from the organization's expertise and technology, its client list, future growth and expected synergies.

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

		2014
Assets acquired		
Cash	$	**24**
Current assets		**8,205**
Property, plant and equipment		**96,298**
Intangible assets		**6,933**
Goodwill		**12,335**
		123,795
Liabilities assumed		
Current liabilities		**(6,332)**
Non-current liabilities		**(1,324)**
		(7,656)
Net assets acquired at fair value	**$**	**116,139**
Consideration		
Cash		**116,139**
	$	**116,139**

The Corporation's consolidated revenues and its consolidated pro forma net loss would have been $485,001,000 and $43,933,000 respectively, if the business acquisition occurred at the beginning of the fiscal year.

The goodwill is entirely deductible for income tax purposes.

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

8. BUSINESS ACQUISITIONS (continued)

On July 18, 2013, the Corporation acquired all of the issued and outstanding shares of Les Publications Charron & Cie inc., publisher of *La Semaine* magazine, for a total consideration of $7,701,000, including $501,000 in respect of acquired working capital items. As part of this transaction, the Corporation also acquired all of the issued and outstanding shares of Charron Éditeur inc., a publishing house, and simultaneously transferred its operations to Sogides Group, a corporation under common control, for the equivalent of the price paid, namely an agreed price of $219,000, net of transferred working capital items. The results of the new subsidiary, Les Publications Charron & Cie inc., have been included in the Corporation's consolidated results since July 18, 2013. The process of allocating the acquisition price was completed during the fiscal period ending December 31, 2014.

The final allocation of the acquisition price of Les Publications Charron & Cie inc. is as follows:

		2013
Assets acquired		
Cash	$	593
Current assets		1,127
Non-current assets		29
Property, plant and equipment		94
Intangible assets		3,030
Goodwill		4,688
		9,561
Liabilities assumed		
Current liabilities		(1,219)
Deferred income taxes		(641)
		(1,860)
Net assets acquired at fair value	$	7,701
Consideration		
Cash		7,200
Liability related to the adjustment in working capital		501
	$	7,701

No goodwill is deductible for income tax purposes.

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

9. INCOME TAXES

Income tax (recovery) expense is detailed as follows:

	2014	2013
Current	**$ 1,085**	$ 4,948
Deferred	**(9,838)**	1,162
	$ (8,753)	$ 6,110

The following table reconciles income tax (recovery) expense at the Canadian statutory rate of 26.9% in 2014 and 2013 and the income tax (recovery) expense on the consolidated statements of (loss) income:

	2014	2013
Income tax at Canadian statutory tax rate	**$ (11,164)**	$ 7,535
Impact of provincial tax rate differences	**25**	(10)
	(11,139)	7,525
(Decrease) increase resulting from:		
Tax impact of deductible losses of SUN News	**(2,323)**	(1,882)
Tax impact of non-deductible charges and non-taxable revenues	**441**	698
Non-deductible impairment of a licence and goodwill	**5,199**	–
Other[1]	**(931)**	(231)
Tax (recovery) expense	**$ (8,753)**	$ 6,110

[1] Includes reductions in deferred tax liabilities of $1,169,000 ($336,000 in 2013) in light of changes in tax audit matters, jurisprudence and tax legislation.

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

9. INCOME TAXES (continued)

The significant items comprising the Corporation's net deferred income tax liability and their impact on the deferred income tax (recovery) expense are as follows:

	Consolidated balance sheets		Consolidated statements of (loss) income	
	2014	2013	**2014**	2013
Loss carryforwards	**$ 2,946**	$ 349	**$ (2,597)**	$ (2)
Accounts payable, accrued liabilities, provisions and deferred revenue	**1,175**	1,509	**334**	(363)
Defined benefit plans	**(320)**	(1,755)	**1,792**	2,027
Property, plant and equipment	**1,029**	332	**(697)**	(237)
Goodwill, licences and other intangible assets	**(12,471)**	(18,656)	**(6,185)**	(112)
Other	**1,226**	(1,233)	**(2,485)**	(151)
	$ (6,415)	$ (19,454)	**$ (9,838)**	$ 1,162

Changes in net deferred income tax liabilities are as follows:

	2014	2013
Balance as of beginning of the year	**$ (19,454)**	$ (7,892)
Recognized in statement of income	**9,838**	(1,162)
Recognized in other comprehensive income	**3,227**	(9,536)
Other	**(26)**	(864)
Balance as of end of the year	**$ (6,415)**	$ (19,454)

The Corporation recorded no deferred tax liabilities with respect to its subsidiaries' retained earnings during the current year or in prior years either because it does not expect to sell these investments or these retained earnings will become taxable.

As at December 31, 2014, the Corporation had business loss carryforwards for income tax purposes of approximately $10,773,000 available to reduce its future taxable income. These loss carryforwards expire between 2033 and 2034.

The Corporation also has $167,896,000 in unrecognized loss carryforwards with no expiry to be used solely to reduce future capital gains.

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

10. CASH FLOW INFORMATION

The following tables provide supplementary information regarding the consolidated statements of cash flows.

(a) Changes in non-cash balances related to operations, net of the effect of business acquisitions, are as follows:

	2014	2013
Accounts receivable	**$ 8,989**	$ (17,370)
Programs, broadcast and distribution rights and inventories	**(12,759)**	6,056
Accounts payable and accrued liabilities	**4,521**	(6,557)
Broadcast and distribution rights payable	**29,050**	505
Income taxes	**(6,183)**	3,941
Defined benefit plan asset and other liabilities	**(7,007)**	(7,617)
Other	**(1,495)**	533
	$ 15,116	$ (20,509)

(b) Interest and income taxes paid and received, classified in operating activities, are detailed as follows:

	2014	2013
Net interest paid	**$ 4,169**	$ 4,514
Income taxes paid (net of refunds)	**7,266**	1,005

11. ACCOUNTS RECEIVABLE

	Note	**2014**	2013
Trade receivables	27 (b)	**$ 80,825**	$ 73,457
Other receivables	2	**19,991**	23,227
Trade and other receivables from entities under common control and affiliates		**29,792**	32,372
Tax credits and government assistance receivable		**6,203**	7,352
		$ 136,811	$ 136,408

Receivables from entities under common control and affiliates are subject to the same conditions as trade accounts receivable.

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

12. PROGRAMS, BROADCAST AND DISTRIBUTION RIGHTS AND INVENTORIES

			2014
	Short-term	**Long-term**	**Total**
Programs produced and productions in progress	**$ 1,695**	**$ –**	**$ 1,695**
Broadcast and distribution rights	**71,630**	**31,989**	**103,619**
Inventories	**1,440**	**–**	**1,440**
	$ 74,765	**$ 31,989**	**$ 106,754**

			2013
	Short-term	Long-term	Total
Programs produced and productions in progress	$ 5,682	$ –	$ 5,682
Broadcast and distribution rights	54,780	31,985	86,765
Inventories	966	–	966
	$ 61,428	$ 31,985	$ 93,413

The cost of inventories and expenses related to programs, broadcast and distribution rights included in purchases of goods and services and employee costs amounted to $308,256,000 in 2014 ($280,168,000 in 2013). In 2014, an impairment expense totalling $381,000 ($596,000 in 2013) related to inventories, programs and broadcast and distribution rights was recorded in purchases of goods and services.

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

13. INVESTMENTS

	Note	2014	2013
Tele Inter-Rives Ltd., associated corporation, 45% ownership interest		**$ 11,046**	$ 10,841
SUN News, associated corporation, 49% ownership interest	6 and 25	**–**	2,688
Other investments[1]		**1,065**	1,293
		$ 12,111	$ 14,822

[1] During the year ended December 31, 2014, the Corporation received $228,000 related to the winding up of a portfolio investment.

Tele Inter-Rives is a company that operates four local television stations, including two that are affiliated with TVA Network, owned by the Corporation. Its head office is in Rivière-du-Loup, Quebec, Canada.

SUN News is a general partnership that holds a licence for an English-language news and public affairs specialty service that is carried throughout Canada. The Corporation recorded an investment impairment charge of $832,000 (note 6) and its share of SUN News' loss includes an asset impairment of $1,617,000.

Below is the combined financial information for associated corporations for the years ended December 31, 2014 and 2013:

	2014	2013
Current assets	**$ 16,575**	$ 13,311
Non-current assets	**14,190**	20,212
Current liabilities	**6,123**	5,513
Non-current liabilities	**210**	342
Revenues	**24,967**	24,360
Net income and comprehensive income	**(16,872)**	(12,433)
Dividends received	**271**	271

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

14. PROPERTY, PLANT AND EQUIPMENT

For the years ended December 31, 2014 and 2013, changes in the net carrying amount of property, plant and equipment are as follows:

	Land, buildings and leasehold improvements	Equipment	Projects under development	Total
Cost:				
Balance as at December 31, 2012	$ 97,209	$ 158,274	$ 4,657	$ 260,140
Acquisitions[1]	4,975	6,972	6,159	18,106
Business acquisitions	3	91	–	94
Reclassification	418	3,507	(4,139)	(214)
Write-offs and disposals	(52)	(870)	–	(922)
Balance as at December 31, 2013	102,553	167,974	6,677	277,204
Acquisitions[1]	5,058	10,364	5,456	20,878
Business acquisitions	61,249	35,049	–	96,298
Reclassification	2,623	1,401	(4,024)	–
Write-offs and disposals	(6,038)	(7,508)	–	(13,546)
Balance as at December 31, 2014	**$ 165,445**	**$ 207,280**	**$ 8,109**	**$ 380,834**
Accumulated depreciation and impairment:				
Balance as at December 31, 2012	$ 62,721	$ 98,925	$ –	$ 161,646
Depreciation	3,686	11,844	–	15,530
Reclassification	–	(12)	–	(12)
Write-offs and disposals	(52)	(870)	–	(922)
Balance as at December 31, 2013	66,355	109,887	–	176,242
Depreciation	4,298	12,411	–	16,709
Write-offs and disposals	(6,038)	(7,508)	–	(13,546)
Balance as at December 31, 2014	**$ 64,615**	**$ 114,790**	**$ –**	**$ 179,405**
Net carrying amount:				
As at December 31, 2013	$ 36,198	$ 58,087	$ 6,677	$ 100,962
As at December 31, 2014	**100,830**	**92,490**	**8,109**	**201,429**

[1] The net change in additions to property, plant and equipment funded by accounts payable and accrued liabilities, consisting primarily of equipment, was a $1,280,000 decrease for the year ended December 31, 2014 (an $1,861,000 increase for the year ended December 31, 2013).

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

15. LICENCES AND OTHER INTANGIBLE ASSETS

For the years ended December 31, 2014 and 2013, changes in the net carrying amount of licences and other intangible assets are as follows:

	Broadcasting licences[1]	Software, websites and mobile applications	Other intangible assets[1]	Projects under development	Total
Cost:					
Balance as at December 31, 2012	$ 92,570	$ 46,545	$ 844	$ 1,341	$ 141,300
Acquisitions[2]	–	2,254	–	924	3,178
Business acquisitions	–	30	3,000	–	3,030
Reclassification	–	1,328	–	(1,114)	214
Write-offs and disposals	–	(1,125)	–	–	(1,125)
Balance as at December 31, 2013	92,570	49,032	3,844	1,151	146,597
Acquisitions[2]	–	1,642	–	363	2,005
Business acquisitions	–	933	6,000	–	6,933
Reclassification	–	1,096	–	(1,096)	–
Write-offs and disposals	–	(53)	–	–	(53)
Balance as at December 31, 2014	**$ 92,570**	**$ 52,650**	**$ 9,844**	**$ 418**	**$ 155,482**

As at December 31, 2014, the cost of internally generated intangible assets, consisting mainly of software, websites and mobile applications, was $9,496,000 ($8,626,000 as at December 31, 2013). For the year ended December 31, 2014, the Corporation recognized additions to internally generated intangible assets totalling $923,000 ($1,657,000 in 2013), and wrote off $53,000 in fully amortized internally generated intangible assets ($772,000 in 2013).

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

15. LICENCES AND OTHER INTANGIBLE ASSETS (continued)

	Broadcasting licences[1]	Software, websites and mobile applications	Other intangible assets[1]	Projects under development	Total
Accumulated amortization and impairment:					
Balance as at December 31, 2012	$ –	$ 28,500	$ 744	$ –	$ 29,244
Amortization	–	5,754	146	–	5,900
Reclassification	–	12	–	–	12
Write-offs and disposals	–	(1,125)	–	–	(1,125)
Balance as at December 31, 2013	–	33,141	890	–	34,031
Amortization	–	5,054	341	–	5,395
Impairment	32,462	–	–		32,462
Write-off and disposals	–	(53)	–	–	(53)
Balance as at December 31, 2014	**$ 32,462**	**$ 38,142**	**$ 1,231**	**$ –**	**$ 71,835**
Net carrying amount:					
As at December 31, 2013	$ 92,570	$ 15,891	$ 2,954	$ 1,151	$ 112,566
As at December 31, 2014	**60,108**	**14,508**	**8,613**	**418**	**83,647**

1 Intangible assets with indefinite useful lives, including the broadcasting licences assigned to the Broadcasting & Production group of CGUs, as well as the magazine operating licence and mastheads assigned to the Magazines group of CGUs, are not amortized.

2 The net change in additions to intangible assets funded by accounts payable and accrued liabilities, consisting primarily of software, was a $484,000 decrease for the year ended December 31, 2014 (an $175,000 increase for the year ended December 31, 2013).

As at December 31, 2014, the accumulated amortization and impairment of internally generated intangible assets, consisting primarily of software, websites and mobile applications, amounted to $6,920,000 ($5,393,000 as at December 31, 2013). For the year ended December 31, 2014, the Corporation recognized an amortization expense arising from internally generated intangible assets of $1,580,000 ($2,122,000 in 2013).

As at December 31, 2014, internally generated intangible assets had a net carrying amount of $2,576,000 ($3,233,000 as at December 31, 2013).

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

16. GOODWILL

Goodwill as at December 31, 2014 and 2013 is detailed as follows:

	Note	2014	2013
Cost	8	**$ 167,840**	$ 155,572
Accumulated amortization and impairment	7	**119,574**	111,036
Net carrying amount		**$ 48,266**	$ 44,536

Management made changes to the Corporation's management structure at the beginning of 2014. As a result of those changes, the custom publishing, commercial print production and premedia services previously provided by the TVA Studio division in the Magazines segment became part of the operations of TVA Accès inc. in the Broadcasting & Production segment. This new corporate management structure also resulted in a transfer of the $5,500,000 carrying amount of the goodwill attributable to the CGU from the Magazines segment to the group of CGUs in the Broadcasting & Production segment.

As at December 31, 2014, the $12,335,000 carrying amount of the goodwill allocated to the Broadcasting & Production group of CGUs ($3,039,000 in 2013) was fully attributed to the Montréal Studios et Équipements s.e.n.c. CGU, while the value of the goodwill allocated to the Broadcasting CGU was nil ($3,039,000 in 2013). The $35,931,000 balance was attributed to the Magazines CGU ($41,497,000 in 2013).

Recoverable amounts

The recoverable amounts of CGUs were determined based on the higher of fair value less costs of disposal or value in use with respect to the impairment tests performed. The Corporation uses the discounted cash flow method to estimate value in use, consisting of future cash flows derived primarily from the most recent budget and the three-year strategic plan approved by the Corporation's management and presented to the Board of Directors. These forecasts considered each CGU's past operating performance and market share as well as economic trends, along with specific market and industry trends and corporate strategies. Specific assumptions are used for each type of revenue generated by a CGU or for each type of expense as well as for future property, plant and equipment expenditures. As such, assumptions take into account, among other things, subscribers, readership and viewers statistics, advertising market trends, broadcasting competitive landscape, evolution of products and services offerings, proliferation of media platforms, technology evolution, programming strategy, bargaining agreements, Canadian GDP rates and operating cost structures. A perpetual growth rate is used for cash flows beyond this three-year period. The discount rate used by the Corporation is a pre-tax rate derived from the weighted average cost of capital pertaining to each CGU, which reflects the current market assessment of (i) the time value of money, and (ii) the risk specific to the assets for which the future cash flow estimates have not been risk-adjusted. The perpetual growth rate was determined with regard to the specific markets for each CGU. In certain circumstances, the Corporation can also estimate the fair value less cost of disposal with a market approach that consists of estimating the recoverable amount by using multiples of operating performance of comparable entities, transaction metrics and other financial information available, instead of using primarily the discounted cash flow method.

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

16. Goodwill (continued)

The following key assumptions were used to determine recoverable amounts in the most recent impairment test performed:

	2014		2013	
Group of CGUs	**Pre-tax discount rate (WACC)**	**Perpetual growth rate**	Pre-tax discount rate (WACC)	Perpetual growth rate
Broadcasting and Production[1]	**11.1 %**	**1.0 %**	11.3 %	1.0 %
Magazines[2]	**15.9 %**	**1.0 %**	16.5 %	1.0 %

1 The recoverable amount for this CGUs is based on fair value less costs of disposal in 2014 using the discounted cash flow method and classified as level 3 in the fair value hierarchy described in note 27 (a).

2 The recoverable amount for this CGUs is based on value in use in 2014.

Sensitivity of recoverable amounts

The following table presents, for each group of CGUs, the change in the pre-tax discount rate or in the perpetual growth rate used in the most recently performed test that would have been required for the recoverable amount to equal the carrying amount of the CGU at the time of the most recent impairment test in 2014:

Group of CGUs[1]	**Incremental increase in pre-tax discount rate (WACC)**	**Incremental decrease in perpetual growth rate**
Magazines	**4.0 %**	**5.7 %**

1 No sensitivity test was performed for the CGU on which impairment charge was recorded in the latest impairment test.

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

17. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Note		**2014**		2013
Accounts payable and accrued liabilities		**$**	**47,526**	$	44,412
Employee salaries and benefits			**18,352**		20,693
Accounts payable to companies under common control and affiliated companies			**23,916**		18,999
Stock-based compensation	21 and 22		**2,714**		1,481
Interest payable and other			**248**		375
		$	**92,756**	$	85,960

18. PROVISIONS AND CONTINGENCIES

		Operational restructuring costs		**Contingencies, legal disputes and other**		**Total**
Balance as at December 31, 2013	$	384	$	261	$	645
Net change in income		140		–		140
Balance assumed by a related party		436		–		436
Payments		(765)		(135)		(900)
Balance as at December 31, 2014	**$**	**195**	**$**	**126**	**$**	**321**

The recognition of provisions in terms of both timing and amounts requires the exercise of judgment based on relevant circumstances and events that can be subject to change over time. Provisions are primarily comprise of the following:

Restructuring of operations

The provisions for the restructuring of operations mainly comprise termination benefits related to the elimination of positions in the Broadcasting & Production and Magazines segments.

Contingencies and legal disputes

There are a number of legal proceedings against the Corporation and its subsidiaries that are pending. In the opinion of the management of the Corporation and its subsidiaries, the outcome of those proceedings is not expected to have a material adverse effect on the Corporation's results or on its financial position.

Management of the Corporation, after taking legal advice, has established provisions for specific claims or actions considering the facts of each case. The Corporation cannot determine when and if a payment related to these provisions will be made.

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

19. LONG-TERM DEBT

		2014		2013
Bank credit facilities(i)	**$**	**74,737**	$	75,000
Financing costs, net of accumulated amortization		**(1,042)**		(360)
		73,695		74,640
Less short-term debt		**(938)**		(74,640)
Long-term debt	**$**	**72,757**	$	–

i) The bank credit facilities of the Corporation comprise a secured revolving credit facility of $150,000,000, maturing on February 24, 2019, and a secured term loan of $75,000,000 maturing on November 3, 2019. The secured revolving credit facility bearing interest at floating rates based on Bankers' acceptance rates, LIBOR, Canadian or U.S. prime rate, plus a premium determined by a leverage ratio. The secured term loan bears interest at floating rates based on Bankers' acceptance rates or the Canadian prime rate, plus a premium determined by a leverage ratio. It provides for quarterly amortization payments commencing on December 20, 2015. The bank credit facilities contain covenants such as maintaining certain financial ratios, limitation on the Corporation's ability to incur additional indebtedness, pay dividends and other distributions. They are secured by liens on all of its movable assets and an immovable hypothec on its head office building. The term loan has replaced the previous term loan at its maturity on December 11, 2014. As of December 31, 2014 and 2013, no amount was drawn on the revolving credit facility, and as of December 31, 2014, $74,737,000 was outstanding on the term loan ($75,000,000 in 2013).

The costs associated with the renewal of the revolving credit facility and the term loan facility totalled $904,000 and were recorded as financing costs in reduction of long-term debt.

Under its credit agreements, the Corporation is subject to certain covenants including maintenance of certain financial ratios. As at December 31, 2014, the Corporation was in compliance with the terms of its credit agreements.

Principal repayments of long-term debt over the coming years are as follows:

2015	$	938
2016		4,219
2017		6,562
2018		9,844
2019		53,174

As at December 31, 2014, the Corporation had outstanding letters of credit amounting to $520,000 ($425,000 as at December 31, 2013).

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

20. OTHER LIABILITIES

	Note		**2014**		2013
Deferred revenues		**$**	**3,910**	$	–
Defined benefit plans	24		**1,773**		1,706
Broadcast rights payable			**2,164**		1,470
Stock-based compensation[1]	21 and 22		**566**		770
Derivative financial instrument	27 d)		**547**		–
Other			**1,007**		28
		$	**9,967**	$	3,974

[1] The current portion of stock-based compensation is included in accounts payable and accrued liabilities.

21. CAPITAL STOCK

Authorized

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.

		2014		2013
Issued and paid up				
4,320,000 class A common shares	**$**	**72**	$	72
19,450,906 class B shares		**98,575**		98,575
	$	**98,647**	$	98,647

Class B stock option plan for officers

Under the plan, option grants and their related terms and conditions are determined by the Corporation's Human Resources and Corporate Governance Committee. However, the purchase price of each Class B share under an option cannot be less than the closing market price the day before the option is granted. In addition, the option term cannot exceed ten years. The number of Class B shares issuable over the term of the Class B stock option plan for officers is 2,200,000.

When exercising options, holders may elect to receive from the Corporation a cash payment equal to the number of shares underlying the options exercised, multiplied by the difference between the market value and the exercise price of the shares under option or, subject to certain terms and conditions, subscribe for Class B shares of the Corporation at the exercise price. Market value is defined as the average closing market price of the shares over the last five trading days preceding the date on which the option was exercised.

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

21. CAPITAL STOCK (continued)

Class B stock option plan for officers (continued)

Options granted prior to January 2006 normally vest equally over four years, with the first 25% portion vesting as of the second anniversary of the grant date. Since January 2006, except in certain circumstances and unless the Human Resources and Corporate Governance Committee decides otherwise at the time of grant, options are exercisable over a five-year period as follows:

(i) Equally over five years, with the first 20% portion vesting as of the first anniversary of the grant date;

(ii) Equally over four years, with the first 25% portion vesting as of the second anniversary of the grant date;

(iii) Equally over three years, with the first 33 1/3% portion vesting as of the third anniversary of the grant date.

The Corporation recognized a $57,000 compensation expense reversal in connection with this plan for the year ended December 31, 2014 ($81,000 compensation expense reversal in 2013).

The following table gives details on changes to outstanding options for the years ended December 31, 2014 and 2013:

		2014		2013
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Balance at beginning of year	**691,076**	**$ 16.54**	819,421	$ 16.34
Granted	**30,000**	**8.90**	–	–
Cancelled	**(69,208)**	**15.32**	(128,345)	15.29
Expired	**(126,500)**	**20.75**	–	–
Balance at end of year	**525,368**	**$ 15.25**	691,076	$ 16.54
Vested options at end of year	**495,368**	**$ 15.53**	691,076	$ 16.54

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

21. CAPITAL STOCK (continued)

Class B stock option plan for officers (continued)

The following table gives summary information on outstanding options as at December 31, 2014:

	Outstanding options			Vested options	
Range of exercise price	**Number**	**Weighted average years to maturity**	**Weighted average exercise price**	**Number**	**Weighted average exercise price**
$8.90	30,000	9.58	$ 8.90	–	$ –
$14.50 to $21.38	495,368	2.15	15.63	495,368	15.63
$8.90 to $21.38	**525,368**	**2.57**	**$ 15.25**	**495,368**	**$ 15.63**

The fair value of stock-based awards under the stock option plans of the Corporation was estimated using the Black-Scholes option pricing model. The following weighted-average assumptions were used to estimate the fair value of all outstanding stock options under the stock option plans of the Corporation as at December 31, 2014 and 2013:

	2014	2013
Risk-free interest rate	**1.07 %**	1.05 %
Expected volatility	**32.61 %**	32.56 %
Expected remaining life	**1.21 year**	1.0 year

The expected volatility is based on the historical volatility of the underlying share price of the Corporation's class B shares for a period equivalent to the expected remaining life of the options. The expected remaining life of options granted represents the period of time that options granted are expected to be outstanding. The risk-free rate over the expected remaining life of the option is based on the Government of Canada yield curve in effect at the time of the valuation.

As at December 31, 2014 and 2013, the intrinsic value of liabilities for which options have vested was nil.

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

21. CAPITAL STOCK (continued)

Earnings per share

The following table sets forth computation of basic and diluted (loss) earnings per share attributable to shareholders:

		2014		2013
Net (loss) income attributable to shareholders	**$**	**(41,088,000)**	$	15,746,000
Weighted average number of basic and diluted shares outstanding		**23,770,906**		23,770,906
Basic and diluted (loss) earnings per share attributable to shareholders (in dollars)	**$**	**(1.73)**	$	0.66

The diluted (loss) earnings per share calculation does not take into consideration the potential dilutive effect of stock options of the Corporation since their impact is anti-dilutive.

22. QUEBECOR MEDIA INC. STOCK OPTION PLAN

Under the stock option plan established by Quebecor Media, options have been granted to the senior executives of the Corporation. Each option may be exercised within ten years of the grant date at an exercise price no lower than the fair value of the common shares of Quebecor Media at the grant date, as determined by Quebecor Media's Board of Directors (should the common shares of Quebecor Media not be listed on a recognized stock exchange at the grant date), or the weighted average price over the last five trading days preceding the grant date of the common shares of Quebecor Media on the stock exchanges where such shares are listed. As long as Quebecor Media's common shares are not listed on a recognized stock exchange, vested options may be exercised only during the following periods: March 1–March 30, June 1–June 29, September 1–September 29 and December 1–December 30 of each year. Moreover, on an option's exercise date, option holders may exercise their right, at their discretion, to: (i) receive a cash amount equal to the appreciation in value of the vested option's underlying shares; or (ii) subject to certain stated conditions, purchase common shares of Quebecor Media.

Except in specific circumstances, and unless the Human Resources and Compensation Committee of Quebecor Media decides otherwise, options vest over a five-year period using one of the following methods, as determined by the Committee at the grant date: (i) equally over five years, with the initial 20% portion vesting on the first anniversary of the grant date; (ii) equally over four years, with the first 25% portion vesting on the second anniversary of the grant date; and iii) equally over three years, with the first 33 1/3% portion vesting on the third anniversary of the grant date.

The Corporation recognized a $1,065,000 compensation expense under the plan for the year ended December 31, 2014 ($817,000 in 2013).

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

22. QUEBECOR MEDIA INC. STOCK OPTION PLAN (continued)

The following table gives details on changes as at December 31, 2014 and 2013 concerning the stock options granted to the senior executives of the Corporation:

		2014		2013
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Balance at beginning of year	**331,407**	**$ 53.35**	213,416	$ 46.55
Granted	**67,000**	**63.60**	207,000	57.64
Exercised	**(29,375)**	**49.52**	(41,884)	46.70
Cancelled	**(13,600)**	**57.64**	(32,500)	47.68
Options related to executives transferred to Quebecor Media	–	–	(14,625)	46.48
Balance at end of year	**355,432**	**$ 55.43**	331,407	$ 53.35
Vested options at end of year	**67,432**	**$ 46.55**	46,407	$ 45.76

During the year ended December 31, 2014, 29,375 Quebecor Media stock options were issued for a cash consideration of $413,000 (41,884 stock options, issued for $471,000 in 2013).

The following table gives summary information on outstanding options as at December 31, 2014:

			Outstanding options		**Vested options**
Range of exercise price	**Number**	**Weighted average years to maturity**	**Weighted average exercise price**	**Number**	**Weighted average exercise price**
$31.92 to $47.29	103,032	4.69	$ 46.16	64,032	$ 45.96
$57.64 to $64.89	252,400	8.81	59.22	3,400	57.64
$31.92 to $64.89	**355,432**	**7.61**	**$ 55.43**	**67,432**	**$ 46.55**

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

22. QUEBECOR MEDIA INC. STOCK OPTION PLAN (continued)

The fair value of stock based awards under the Quebecor Media stock option plan was estimated using the Black-Scholes option pricing model. The following weighted-average assumptions were used to estimate the fair value of all outstanding stock options under the Quebecor Media stock option plan as at December 31, 2014 and 2013:

	2014	2013
Risk-free interest rate	**1.37 %**	1.77 %
Dividend yield	**1.38 %**	1.56 %
Expected volatility	**19.13 %**	23.62 %
Expected remaining life	**3.5 years**	4.1 years

Since the common shares of Quebecor Media are not publicly traded on a stock exchange, as of December 31, 2014, expected volatility is derived from the implied volatility of the shares of Quebecor Media's parent corporation. The expected remaining life of options granted represents the period of time that options granted are expected to be outstanding. The risk-free rate over the expected remaining life of the option is based on the Government of Canada yield curve in effect at the time of the valuation. Dividend yield is based on the current average yield.

As at December 31, 2014, the intrinsic value of liabilities for which options have vested was $1,615,000 ($796,000 as at December 31, 2013).

23. TAX CREDITS AND GOVERNMENT ASSISTANCE

Revenues included $9,473,000 ($10,590,000 in 2013) in government assistance for local programming in small markets and for producing and publishing Canadian content in magazines.

Tax credits and government assistance amounting to $1,079,000 ($2,007,000 in 2013) were recorded as a reduction of program production expenses and film marketing costs, which are included in operating expenses.

As at December 31, 2014, advances received under government assistance amounted to $231,000 ($360,000 in 2013) and were reported in distribution rights payable under “Broadcast and distribution rights payable.” Deferred revenues included $1,862,000 ($1,987,000 in 2013) in financial assistance for the creation and publishing of Canadian content in magazines.

24. PENSION PLANS AND POSTRETIREMENT BENEFITS

Pension plans provided to the management and unionized employees of the Corporation include a defined benefit portion based on career earnings indexed before and after retirement, as well as a defined contribution portion. The Corporation offers its senior management an end-of-career earnings pension plan indexed before and after retirement, as well as a non-indexed supplemental post-retirement plan for which the benefits offset the tax limit effect. Certain employees are provided with a career-earnings pension plan indexed before and after retirement. The Corporation also offers other retirement benefits to eligible retired employees.

TVA Group pension plans are registered with a Quebec or federal regulatory authority. The Corporation's funding policy for its funded pension plans is to maintain its contributions at a level sufficient to cover benefits and to meet requirements of the applicable regulations and plan provisions that govern the funding of the plans. These provisions require, among other things, the future payment of amortization payments when the degree of solvency of the pension plans is less than 100% as defined by relevant Quebec and federal laws. Payments are determined by an actuarial report performed by an independent company at least every three years or annually, according to the applicable laws and in accordance with provisions of plans.

By their design, the defined benefit plans expose the Corporation to the typical risks faced by defined benefit plans, such as investment performance, changes to the discount rates used to value the obligation, longevity of plan participants, and future inflation. The administration of the plans is assured by pension committees composed of members of the plans, independent members of the Corporation's management, or the Corporation in accordance with the provisions of the plans. Under the Corporation's rules of governance, the approbation and oversight of the defined benefit plan policies are performed at difference levels through the pension committees, the Corporation's management, or the Audit Committee. The risk management of pension plans is also performed under the leadership of these committees at various levels. The custody of securities and management of securities transactions are assigned to trustees within a mandate given by the pension committee or the Corporation, as the case may be. Policies include those on investment objectives, risk mitigation strategies and the mandate to hire investment fund managers and monitor their work and performance. The benefit pension plans are monitored on an ongoing basis to assess the benefit, funding and investment policies, financial status, and the Corporation's funding requirement.

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

24. PENSION PLANS AND POSTRETIREMENT BENEFITS (continued)

The following tables provide information on the defined benefit plans and show a reconciliation of the changes in the plans' benefit obligations and the fair value of plan assets for the years ended December 31, 2014 and 2013:

	Pension benefits		Postretirement benefits	
	2014	2013	**2014**	2013
Change in benefit obligations				
Benefit obligations at beginning of year	**$ 212,990**	$ 224,788	**$ 1,706**	$ 1,723
Service costs	**4,752**	5,863	**4**	3
Interest costs	**10,556**	10,104	**66**	60
Participant contributions	**3,441**	3,135	**–**	–
Actuarial losses (gains) arising from:				
Demographic assumptions	**2,933**	6,798	**(20)**	84
Financial assumptions	**29,541**	(23,409)	**80**	(44)
Participant experience	**(1,500)**	(2,929)	**310**	–
Benefits paid	**(10,382)**	(11,360)	**(373)**	(120)
Benefit obligations at end of year	**$ 252,331**	$ 212,990	**$ 1,773**	$ 1,706
Change in plan assets				
Fair value of plan assets at beginning of year	**$ 226,140**	$ 189,985	**$ –**	$ –
Actual return on plan assets	**28,716**	28,242	**–**	–
Employer contributions	**11,767**	16,138	**373**	120
Participant contributions	**3,441**	3,135	**–**	–
Benefits paid	**(10,382)**	(11,360)	**(373)**	(120)
Fair value of plan assets at end of year	**$ 259,682**	$ 226,140	**$ –**	$ –

As at December 31, 2014, the weighted average duration of defined benefit obligations was 16.3 years (15.4 years in 2013). The Corporation expects future benefit payments of $11,096,000 in 2015.

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

24. PENSION PLANS AND POSTRETIREMENT BENEFITS (continued)

The Corporation's investment strategy for plan assets takes into consideration a number of factors, including the time horizon of pension plans' obligations and the investment risk. For each of the plans, an allocation range by asset class is developed, in which a combination of equity securities and fixed-income investments is used to optimize the risk-return profile of plan assets and to mitigate asset-liability mismatch.

Plan assets are allocated as follows:

	2014		2013	
Equity securities:				
Canadian	**24.9**	**%**	26.8	%
Foreign	**31.2**		33.8	
Debt securities	**40.9**		36.7	
Other	**3.0**		2.7	
	100.0	**%**	100.0	%

The fair value of plan assets is principally based on the quoted prices in an active market.

Where funded plans have a net defined benefit asset, the Corporation determines if potential reductions in future contributions are permitted by applicable regulation and collective bargaining agreements. When a defined benefit asset is created, it cannot exceed the future economic benefit that the Corporation can expect to obtain from the asset. The future economic benefit represents the value of reductions in future contributions and expenses payable to the pension fund. It does not reflect gains that could be generated in the future that would have allowed reductions in contributions by the Corporation. Where there is a minimum funding requirement, this may further limit the amount recognized in the balance sheet. The minimum funding requirement represents the present value of amortization payments based on the latest actuarial financing reports filed.

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

24. PENSION PLANS AND POSTRETIREMENT BENEFITS (continued)

The reconciliation of funded status to the net amount recognized in the consolidated balance sheets is detailed as follows:

	Pension benefits		Postretirement benefits	
	2014	2013	**2014**	2013
Reconciliation of funded status				
Benefit obligations	**$ (252,331)**	$ (212,990)	**$ (1,773)**	$ (1,706)
Fair value of plan assets	**259,682**	226,140	**–**	–
Plan surplus (deficit)	**$ 7,351**	$ 13,150	**$ (1,773)**	$ (1,706)
Asset limit	**(4,387)**	(4,912)	**–**	–
Net amount recognized[1]	**$ 2,964**	$ 8,238	**$ (1,773)**	$ (1,706)

[1] The net amount recognized for 2014 consist of an asset of $2,964,000 ($8,238,000 in 2013) under “Defined benefit plan asset” and of a liability of $1,773,000 ($1,706,000 in 2013) under “Other liabilities” (note 20).

The components of re-measurements are as follows:

	Pension benefits		Postretirement benefits	
	2014	2013	**2014**	2013
Actuarial (loss) gain on benefit obligations	**$ (30,974)**	$ 19,540	**$ (141)**	$ (45)
Actual return on plan assets, excluding interest income calculated as part of the interest on net defined benefit asset or liability	**18,356**	20,721	**–**	–
Asset limit	**766**	(4,912)	**–**	–
Re-measurements recorded in other comprehensive (loss) income	**$ (11,852)**	$ 35,349	**$ (141)**	$ (45)

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

24. PENSION PLANS AND POSTRETIREMENT BENEFITS (continued)

Components of the net benefit costs are as follows:

	Pension benefits		Postretirement benefits	
	2014	2013	**2014**	2013
Employee costs:				
Service costs	**$ 4,752**	$ 5,863	**$ 4**	$ 3
Other	**788**	964	**–**	–
Interest on net defined benefit asset or liability	**(352)**	1,621	**66**	60
Net benefit costs	**$ 5,188**	$ 8,448	**$ 70**	$ 63

The expense related to defined contribution pension plans amounted to $2,948,000 in 2014 ($3,076,000 in 2013). The expected employer contributions to the Corporation’s defined benefit pension plans and postretirement benefit plans will be $11,301,000 in 2015, based on the most recent financial actuarial reports filed (contributions of $12,140,000 were paid in 2014).

Assumptions

The Corporation determines its assumption for the discount rate to be used for purpose of computing annual service and interest expenses on the basis of an index of high-quality corporate bond-yields and a matched-funding yield curve analysis as of the measurement date.

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

24. PENSION PLANS AND POSTRETIREMENT BENEFITS (continued)

Assumptions (continued)

The actuarial assumptions used in measuring the Corporation's benefit obligations as at December 31, 2014 and 2013 and current periodic benefit costs are as follows:

	Pension benefits		Postretirement benefits	
	2014	2013	**2014**	2013
Benefit obligations				
Rates, end of year:				
Discount rate	**4.10 %**	4.90 %	**4.10 %**	4.90 %
Rate of compensation increase	**3.00 – 3.25**	3.00 – 3.25	**3.00 – 3.25**	3.00 – 3.25
Current periodic costs				
Rates, end of year:				
Discount rate	**4.90 %**	4.40 %	**4.90 %**	4.40 %
Rate of compensation increase	**3.00 – 3.25**	3.25 – 3.50	**3.00 – 3.25**	3.25 – 3.50

The assumed retirement age of participants used varies with the plan and averaged 62 years in 2014 and 2013.

The assumed health care cost trend rate used in measuring the accumulated postretirement benefit obligation was 7.0% at the end of 2014. These costs, as per estimate, are expected to decrease gradually over the next 10 years to 4.5% and to remain at that level thereafter.

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

24. PENSION PLANS AND POSTRETIREMENT BENEFITS (continued)

Sensitivity analysis

A 10-basis-point decrease in the discount rate would have the following impacts, before income taxes, for the year ended December 31, 2014:

	Pension benefits			Postretirement benefits		
Increase (decrease)	**Asset in balance sheet**	**Income**	**Other comprehen-sive income**	**Obligation in balance sheet**	**Income**	**Other comprehen-sive income**
Discount rate	$ (4,155)	$ (303)	$ (4,155)	$ 15	$ –	$ (15)

The above sensitivity analysis has limitations insofar as it considers only the impacts of a 10-basis-point decrease in the discount rate assumption (at the beginning of the year, which has an impact on income and at the end of the year, which has an impact on comprehensive income, without any change in the other assumptions. No sensitivity analysis was performed on the other assumptions, because similar changes in these assumptions would have no significant impact on the consolidated financial statements.

25. RELATED PARTY TRANSACTIONS

Compensation of key officers

The key officers are members of the Board of Directors of the Corporation and senior executives. Their compensation is as follows:

	2014	2013
Salaries and short-term benefits	**$ 3,029**	$ 3,431
Stock-based compensation	**986**	1,007
Other long-term benefits	**344**	592
	$ 4,359	$ 5,030

25. RELATED PARTY TRANSACTIONS (continued)

Revenues and operating expenses

For the year ended December 31, 2014, the Corporation entered into the following transactions with related parties in the normal course of business. These transactions were accounted for at the consideration agreed between parties.

- The Corporation sold advertising space and content, recorded subscription revenues and provided production, postproduction and other services to companies under common control and affiliated companies in the total amount of $81,947,000 ($76,836,000 in 2013).
- The Corporation recorded telecommunications service costs, advertising space acquisition costs, professional service fees and commissions on sales and news gathering services arising from transactions with corporations under common control and affiliated corporations totalling $34,559,000 ($34,667,000 in 2013).
- The Corporation also recorded management fees paid to the parent corporation in the amount of $4,320,000 ($4,320,000 in 2013).

Other transactions

In 2014, the partners in SUN News made a capital contribution of $14,200,000 ($10,600,000 in 2013), including $6,958,000 ($5,194,000 in 2013) from the Corporation and $7,242,000 ($5,406,000 in 2013) from Sun Media Corporation, a company under common control.

On December 30, 2014, in connection with the funding of the acquisition of Vision Globale, the Corporation obtained a $100,000,000 credit facility from Quebecor Media. This facility expires on March 30, 2015, can be extended for an additional 90 days at the Corporation’s option and bears interest at the rate quoted on the CDOR page of Reuters' Monitor Service that day for bankers' acceptances with a term to maturity similar to the applicable maturity date (the CDOR rate) plus 2.375% per year (3.672% as at December 31, 2014). The credit facility is unsecured. Its terms and conditions have been approved by TVA Group’s independent directors.

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

26. COMMITMENTS AND GUARANTEES

(a) Leases and purchasing agreements

The Corporation has commitments under operating leases, mainly for premises and equipment, and under acquisition contracts for services, distribution and broadcast rights, property, plant and equipment and intangible assets, calling for payments totalling $932,437,000, including $6,670,000 with related companies. The leases have various terms, indexing clauses, purchase options and renewal rights. Minimum payments for future years are as follows:

	Leases	Broadcast and distribution rights	Other
2015	$ 2,924	$ 115,730	$ 9,778
2016 to 2019	5,628	335,823	10,013
2020 and thereafter	2,121	450,221	199

Expenses related to the operating leases of the Corporation and its subsidiaries in the amount of $1,625,000 in 2014 ($1,946,000 in 2013) were recognized as operating expenses in the consolidated statements of income.

In 2013, Quebecor Media and TVA Group reached a 12-year agreement with Rogers Communications for Canadian French-language broadcast rights to National Hockey League games. Operating expenses related to this contract are recognized in the Corporation's operating expenses and total commitments related to the contract have been included in the Corporation's commitments.

Business acquisition

On November 17, 2014, the Corporation reached an agreement with Transcontinental Inc. to acquire 15 magazines for a cash consideration of $55.5 million. Until the transaction receives final approval from the Competition Bureau, the seller will continue operating those magazines.

(b) Guarantees

The Corporation has guaranteed a portion of the residual values of certain assets under operating leases for the benefit of the lessor. If the fair value of the assets at the end of their respective lease terms is less than their guaranteed residual value, the Corporation is required to compensate the lessor for a portion of the shortfall, subject to certain conditions. As at December 31, 2014, the maximum liability in respect of these guarantees totalled approximately $392,000 and the Corporation has recognized no amount in the consolidated balance sheet in relation to these guarantees. In previous years, the Corporation has made no payments in respect of these guarantees.

26. COMMITMENTS AND GUARANTEES (continued)

(b) Guarantees (continued)

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 light of new developments 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 in the year ended December 31, 2014.

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Corporation's risk management policies are established to identify and analyze the Corporation's risk exposures, set appropriate risk limits and controls, and monitor risks and adherence to limits. The risk management policies are reviewed, when necessary, to reflect changes in market conditions and the Corporation's operations.

As the Corporation and its subsidiaries use financial instruments, they are exposed to credit risk, liquidity risk and market risk related to foreign exchange and interest rate fluctuations.

(a) Fair value of financial instruments

In accordance with *IFRS 7, Financial Instruments – Disclosures*, the Corporation has considered the following fair value hierarchy that reflects the significance of the inputs used in measuring its financial instruments accounted for at fair value in the consolidated balance sheet:

- 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 credit facility from the parent corporation are estimated based on a valuation model using Level 2 inputs. The fair values are based on discounted cash flows using year-end market yields or the market value of similar instruments with the same maturity.

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

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(a) Fair value of financial instruments (continued)

The carrying amount and the fair values of the long-term debt, the credit facility from the parent corporation and the derivative financial instrument as at December 31, 2014 and 2013 were as follows:

	2014		2013	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Credit facility from parent corporation	**$ 100,000**	**$ 100,000**	$ –	$ –
Derivative financial instrument	**547**	**547**	–	–
Term loan	**74,737**	**74,737**	75,000	76,800

(b) Credit risk management

Credit risk is the risk of the Corporation incurring a financial loss should a client or third party related to a financial asset fail to meet its contractual obligations.

In the normal course of business, the Corporation regularly evaluates the financial position of its clients and reviews the credit history of each new client. As at December 31, 2014, no clients had balances representing a significant portion of the Corporation's consolidated trade receivables. The Corporation establishes an allowance for doubtful accounts based on the specific credit risk of its clients. The Corporation has trade accounts receivable from numerous clients, primarily advertising agencies. As a result, the Corporation does not believe that it is exposed to an unusual or significant level of credit risk. As at December 31, 2014, 4.73% of trade receivables had been outstanding for more than 120 days after the billing date (5.61% as at December 31, 2013), of which 23.25% were funded (13.6% as at December 31, 2013). In addition, as at December 31, 2014, the allowance for doubtful accounts was $892,000 ($1,086,000 as at December 31, 2013).

The table below shows the variance in the allowance for doubtful accounts for the years ended December 31, 2014 and 2013:

	2014	2013
Balance as at beginning of year	**$ 1,086**	$ 1,100
Change to consolidated income	**338**	486
Utilization	**(532)**	(500)
Balance as at end of year	**$ 892**	$ 1,086

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

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management

Liquidity risk is the risk that the Corporation and its subsidiaries will be unable to meet financial obligations as they fall due or will be required to meet them at excessive cost. The Corporation and its subsidiaries ensure that they have sufficient cash flows from continuing operations and available sources of financing to meet future cash requirements for long-term investments, working capital, interest payments and debt servicing, pension plan contributions, dividends and share redemptions, and to meet their commitments and guarantees.

As at December 31, 2014, the obligations and maturities of financial liabilities of the Corporation are as follows:

	Total	Less than 1 year	1-3 years	3-5 years
Bank overdraft	$ 4,486	$ 4,486	$ –	$ –
Accounts payable and accrued liabilities	93,512	93,512	–	–
Broadcast and distribution rights payable	47,824	45,660	2,164	–
Derivative financial instrument	797	306	491	–
Credit facility from parent corporation	100,000	100,000	–	–
Long-term debt	74,737	938	10,781	63,018
Interest payments	15,043	4,016	6,323	4,704
Total	**$ 336,399**	**$ 248,918**	**$ 19,759**	**$ 67,722**

(d) Market risk

Market risk is the risk that changes in market prices due to fluctuations in foreign exchange rates and interest rates will affect the Corporation's revenues or the value of its financial instruments. The objective of market risk management is to mitigate and control exposures within acceptable parameters.

Foreign exchange risk

The Corporation is exposed to limited foreign exchange risk on revenues and expenses due to the low volume of transactions made in currencies other than the Canadian dollar. The majority of these transactions are denominated in U.S. dollars, mainly for the acquisition of certain distribution rights, for capital expenditures and for certain foreign denominated sales. In light of the low volume of foreign currency transactions, the Corporation has determined foreign exchange hedging to be unwarranted. Accordingly, the Corporation has limited sensitivity to changes in foreign exchange rates. A 1% increase or decrease in the exchange rate between the Canadian dollar and its U.S. counterpart would have an immaterial impact on net income.

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

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(d) Market risk (continued)

Interest rate risk

The Corporation is exposed to interest rate risk on its revolving credit facility and its term loan facility. As at December 31, 2014, the Corporation's long-term debt consisted entirely of floating-rate debt.

A 100-basis-point increase (decrease) in the year-end Canadian Bankers' acceptance rates on the balance of the floating rate long-term debt as at December 31, 2014 would have resulted in a $750,000 annual increase (decrease) in financial expenses.

In connection with the acquisition of Vision Globale (note 8), an interest rate swap was transferred to the Corporation. The Corporation plans to use this swap to manage the risks associated with interest rate fluctuations, so as to establish a balance between fixed-rate and floating-rate debts. The Corporation does not intend to settle its swap before maturity, because it is not being held for speculative purposes. The main characteristics of this swap as of December 31, 2014 were as follows:

Term	Notional amount	Pay/ receive	Fixed rate	Floating rate
December, 2017	$ 44,000,000	Pay fixed / Receive floating	2.03%	Bankers' acceptances 1 month

The Corporation regularly reviews its position to ensure that its exposure to these risks has not changed.

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

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(e) Capital management

The Corporation's primary objectives in managing capital are to:

- preserve the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders;
- maintain an optimal capital base in order to meet the capital requirements of its various operating segments, including growth opportunities and maintaining investor and creditor confidence.

The Corporation manages its capital structure in accordance with the characteristics of its segments' underlying assets and applicable requirements, if any. The Corporation manages its capital structure by issuing new debt or repaying existing debt with cash generated internally, distributing amounts to shareholders through dividends or share redemptions or issuing capital stock in the marketplace and making adjustments to its capital expenditure program. The Corporation's strategy remains unchanged from last year.

The Corporation's capital structure consist of shareholder's equity, long-term debts that were renewed on November 3, 2014 and matures in 2019, a derivative financial instrument, a credit facility from the parent corporation and a bank overdraft, less cash.

The capital structure as of December 31, 2014 and 2013 was as follows:

	2014	2013
Long-term debt	**$ 74,737**	$ 75,000
Derivative financial instrument	**547**	–
Credit facility from parent corporation	**100,000**	–
Bank overdraft	**4,486**	–
Cash	**–**	(7,717)
Net liabilities	**179,770**	67,283
Equity	**$ 258,205**	$ 308,059

Excluding maintenance of certain financial ratios under its credit agreements, the Corporation is not subject to any other externally imposed capital requirements. As at December 31, 2014, the Corporation was in compliance with the terms of its credit agreements.

28. SEGMENTED INFORMATION

In 2014, management changed the names of the Corporation's business segments to better reflect operational realities. The Television segment is now called Broadcasting & Production and the Publishing segment is now called Magazines.

Management made changes to the Corporation's management structure at the beginning of 2014. As a result of these changes, the custom publishing, commercial print production and premedia services previously provided by the TVA Studio division in the Magazines segment became part of the operations of TVA Accès Inc. in the Broadcasting & Production segment. Prior period disclosures have been restated to reflect this new presentation.

The Corporation's operations consist of the following segments:

– The **Broadcasting & Production** segment, which includes the operations of the TVA Network (including the subsidiaries and divisions TVA Productions Inc., TVA Sales and Marketing Inc., TVA Nouvelles and TVA Interactif), specialty services, the marketing of digital products associated with the various television brands, the commercial production and dubbing operations of TVA Accès Inc., the distribution of audiovisual products by the TVA Films division, the home and online shopping services of the TVA Boutiques division up to the second quarter of 2013, and the studio and equipment rental services and postproduction services of Montréal Studios & Équipements s.e.n.c. since December 30, 2014.

– The **Magazines** segment**,** which includes the operations of TVA Publications Inc. and Les Publications Charron & Cie Inc., which publish French-language magazines in various fields such as the arts, entertainment, television, fashion and decoration, and market digital products associated with the various magazine brands.

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

28. SEGMENTED INFORMATION (continued)

The intersegment items represent the elimination of normal course business transactions between the Corporation's business segments regarding revenues and expenses.

The reportable segments determined by the Corporation's management are strategic operating units that provide various goods and services. They are managed separately because, among other reasons, each segment requires different marketing strategies.

The segments' accounting policies are the same as those used by the Corporation as a whole (see note 1).

								2014
		Broadcasting and Production		**Magazines**		**Intersegment items**		**Total**
Revenues	$	380,178	$	62,614	$	(3,452)	$	439,340
Purchases of goods and services		247,726		39,297		(3,452)		283,571
Employee costs		112,724		13,619		–		126,343
Adjusted operating income[1]		19,728		9,698		–		29,426
Depreciation of property, plant and equipment and amortization of intangible assets								22,104
Financial expenses								4,231
Operational restructuring costs, impairment of assets and other costs								3,594
Impairment of a licence and goodwill (a)								41,000
Loss before tax recovery and share of loss of associated corporations							$	(41,503)
Additions to property, plant and equipment (b)	$	21,962	$	196	$	–	$	22,158
Additions to intangible assets (b)	$	2,297	$	192	$	–	$	2,489

(a) The impairment is attributable to the Broadcasting & Production segment.

(b) Excluding additions from business acquisition

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

28. SEGMENTED INFORMATION (continued)

				2013
	Broadcasting and Production	Magazines	Intersegment items	Total
Revenues	$ 386,009	$ 61,964	$ (3,157)	$ 444,816
Purchases of goods and services	218,201	38,441	(3,157)	253,485
Employee costs	114,785	15,976	–	130,761
Adjusted operating income[1]	53,023	15,976	–	60,570
Depreciation of property, plant and equipment and amortization of intangible assets				21,430
Financial expenses				6,265
Operational restructuring costs, impairment of assets and other costs				4,865
Income before tax expense and share of loss of associated corporations				$ 28,010
Additions to property, plant and equipment	$ 16,071	$ 174	$ –	$ 16,245
Additions to intangible assets	$ 2,506	$ 497	$ –	$ 3,003

(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.

29. SUBSEQUENT EVENT

Subscription rights offering

On February 4, 2015, the Corporation filed a final short form prospectus with the securities regulatory authorities in each of the provinces of Canada regarding a proposed rights offering, in which all holders of the Corporation's outstanding Class A common shares, voting, participating, without par value and Class B shares, non-voting, participating, without par value (Class B Non-Voting Shares) as of February 18, 2015, received rights to subscribe for Class B Non-Voting Shares for aggregate gross proceeds of approximately $110 million (the Rights Offering).The final short form prospectus and relevant documentation were mailed on February 23, 2015 to all holders of Class B non-voting shares of TVA Group. The closing date of the Rights Offering is anticipated to occur on or about March 20, 2015.

In connection with the Rights Offering, Quebecor Media has provided the Corporation with a standby commitment pursuant to which QMI will be required to acquire all Class B Non-Voting Shares not subscribed for under the Rights Offering, subject to certain conditions. The Corporation intends to use the proceeds from the Rights Offering to repay all or substantially all amounts outstanding under a $100 million credit facility provided by QMI, which was drawn in full for the purpose of funding part of the purchase price for the Corporation's acquisition of substantially all of the assets of Vision Globale.