Investissement Québec

FINANCIAL PERFORMANCE

EXTRACTED FROM THE 2014-2015 ANNUAL REPORT OF OPERATIONS AND SUSTAINABLE DEVELOPMENT

FINANCIAL REVIEW

The Corporation's management has prepared the consolidated financial statements for the year ended March 31, 2015 in accordance with International Financial Reporting Standards (IFRS). However, to provide a more comprehensive understanding of its financial performance, the Corporation is presenting the following condensed statements of income, financial position and cash flows at equity value.

CONDENSED INCOME (at equity value)

(in millions of dollars)	2015	2014
Revenues		
Interest on loans and guarantee fees	**89**	81
Investment income and other	**58**	41
Gain on disposal of investments	**36**	136
Management fees from EDF	**26**	26
	209	284
Expenses		
Provision for losses on investments	**(37)**	(167)
Administrative expenses	**(76)**	(79)
	(113)	(246)
NET INCOME	**96**	38

In 2014-2015, Investissement Québec generated $96 million in net income versus $38 million the previous fiscal year, an increase that stems from lower provisions for losses on investments, offset by lower gains on disposal of investments.

INTEREST ON LOANS AND GUARANTEE FEES

Interest on loans and guarantee fees totalled $89 million compared with $81 million last year, mainly because the loan portfolio grew in response to the needs of clients, particularly small and medium-sized businesses.

INVESTMENT INCOME AND OTHER

Investment income and other amounted to $58 million, up from last year. The share of the net income of subsidiaries, associates and joint ventures was up from last year as a result of higher aluminum prices, lower impairments of capital assets and higher returns on venture capital investments, offset by smaller margins in the petrochemical sector.

GAINS ON DISPOSAL OF INVESTMENTS

Gains on disposal of investments totalled $36 million, significantly less than last year's $136 million as a result of the Corporation's fewer disposals.

MANAGEMENT FEES FROM THE ECONOMIC DEVELOPMENT FUND (EDF)

A total management fee of $26 million, determined by government decree, is the amount that the EDF paid to the Corporation for management services provided to the fund.

PROVISION FOR LOSSES ON INVESTMENTS

At $37 million, provisions for losses on investments consist mainly of provisions for loans and loan guarantees, and impairment losses on certain listed securities.

ADMINISTRATIVE EXPENSES

Investissement Québec's administrative expenses stood at $76 million, a decrease compared to $79 million last year. The savings were realized primarily on travel and entertainment expenses and professional fees.

CONDENSED FINANCIAL POSITION (at equity value)

(in millions of dollars)	March 31 2015	March 31 2014
Assets		
Cash and cash equivalents	**459**	532
Investments	**2,895**	2,669
Other assets	**154**	144
TOTAL ASSETS	**3,508**	3,345
Liabilities and equity		
Advances from the Government of Québec	**523**	481
Guarantee liability	**86**	111
Other liabilities	**85**	74
	694	666
Equity		
Share capital	**3,073**	3,073
Deficit	**(545)**	(638)
Accumulated other comprehensive income	**286**	244
	2,814	2,679
TOTAL LIABILITIES AND EQUITY	**3,508**	3,345

The Corporation's investments totalled $2,895 million as at March 31, 2015, up $226 million from March 31, 2014.

The investments consist of the following items:

(in millions of dollars)	March 31 2015	March 31 2014
Loans	**1,001**	936
Unlisted shares		
Subsidiaries	**641**	564
Joint ventures	**245**	217
Associates	**189**	163
Companies at cost	**115**	56
	1,190	1,000
Listed shares	**304**	379
Venture capital	**400**	354
INVESTMENTS	**2,895**	2,669

As at March 31, 2015, loans amounted to $1,001 million, surpassing the $1 billion mark, up $65 million from March 31, 2014, as a higher volume of loans was granted to small and medium-sized businesses.

Investments in unlisted shares totalled $1,190 million, up $190 million from March 31, 2014, mainly due to greater investments in companies at cost.

The value of listed shares totalled $304 million, down from $379 million the previous fiscal year, following the sale of certain investments.

Venture capital totalled $400 million, up from $354 million last year, owing to the Corporation's greater activity in this sector.

In addition to the investments included in assets, the Corporation had $331 million in loan guarantees as at March 31, 2015 compared with $375 million as at March 31, 2014. This decrease was driven by a greater need from entrepreneurs for loans, rather than loan guarantees, to support their growth.

Investissement Québec's equity stood at $2,814 million as at March 31, 2015, up $135 million since March 31, 2014 owing to net income of $96 million and an increase in accumulated other comprehensive income.

CONDENSED CASH FLOWS

(in millions of dollars)	2015	2014
Sources of funds		
Collections on loans	**245**	199
Disposal of investments	**187**	224
Interest, dividends and fees	**149**	189
Advances and recovery from government	**53**	74
	634	686
Uses of funds		
Funding – investments	**(627)**	(616)
Administrative expenses	**(76)**	(79)
Other	**(4)**	(19)
	(707)	(714)
Decrease in cash and cash equivalents	**(73)**	(28)
Cash and cash equivalents, beginning of year	**532**	560
CASH AND CASH EQUIVALENTS, END OF YEAR	**459**	532

At $459 million, cash and cash equivalents for the year ended March 31, 2015 decreased by $73 million. The main sources of funds consisted of $245 million from collections on loans and $187 million from the disposal of investments. The Corporation used these sources of funds to finance investments totalling $627 million and cover $76 million in administrative expenses, while retaining a significant amount of cash and cash equivalents at year-end.

CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT'S REPORT

To the Minister of Finance

The consolidated financial statements of Investissement Québec (the Corporation) have been prepared by management, which is responsible for their preparation and presentation, including making estimates and important judgments. This responsibility includes selecting appropriate accounting policies that are in accordance with International Financial Reporting Standards (IFRS). The financial information provided elsewhere in the annual report is consistent with the information provided in the consolidated financial statements.

To meet its obligations, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are correctly recorded in the desired time, are duly approved, and allow for the preparation of reliable financial statements.

The Corporation recognizes that it is responsible for managing its business in compliance with its governing laws and regulations.

The Board of Directors oversees the manner in which management discharges its financial reporting responsibilities and approves the consolidated financial statements. It is assisted in its responsibilities by the Audit Committee, whose members are not members of management. This committee meets with management and the Corporation's independent auditors, reviews the consolidated financial statements and recommends their approval to the Board.

Deloitte LLP and the Auditor General of Québec have audited the Corporation's consolidated financial statements in accordance with Canadian generally accepted auditing standards, and the auditors' report states the nature and scope of this audit and provides the auditors' opinion. The auditors may, without restriction, meet with the Audit Committee to discuss any aspect of their audit.

President and Chief Executive Officer,

Pierre Gabriel Côté

Vice-President and Chief Financial Officer,

Jean-Jacques Carrier, CPA, CA

Québec City, May 26, 2015

VÉRIFICATEUR GÉNÉRAL DU QUÉBEC

Deloitte.

INDEPENDENT AUDITORS' REPORT

To the Minister of Finance

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Investissement Québec, which comprise the Consolidated Statement of Financial Position as at March 31, 2015, the Consolidated Statement of Income, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information included in the accompanying notes.

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 audit. We conducted our audit 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 auditor's 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 auditor considers 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 Investissement Québec as at March 31, 2015, and its financial performance and its cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Report on other legal and regulatory requirements

As required by the *Auditor General Act* (R.S.Q., c. V-05.01), we report that, in our opinion, these standards have been applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,

FCPA Auditor, FCA

Deloitte LLP[1]

Guylaine Leclerc, FCPA auditor, FCA

Québec City, May 26, 2015

Montréal, May 26, 2015

[1] CPA auditor, CA, public accountancy permit No. A118581

CONSOLIDATED STATEMENT OF INCOME

For the year ended March 31, 2015
(amounts are in thousands of Canadian dollars)

	2015	2014
Revenues	**536,160**	477,320
Operating expenses		
Cost of sales	**465,993**	436,886
General expenses	**65,305**	53,253
	531,298	490,139
Share of net income of equity-accounted entities (Note 20)	**(21,160)**	(24,077)
Income (loss) from continuing operations	**(16,298)**	(36,896)
Financial revenues		
Investment income (Note 6)	**227,157**	236,871
Benefits conferred by immigrant investors	**96,909**	107,697
Net change in investments at fair value through profit or loss (Note 6)	**(27,705)**	15,815
Net gains on investments and other	**58,822**	141,371
Other financial revenues (Note 6)	**46,711**	29,724
	401,894	531,478
Financial expenses (Note 7)		
Expenses related to Immigrant Investor activities	**200,582**	210,019
Net impairment losses on investments	**33,297**	187,971
Other financial expenses	**7,520**	7,242
	241,399	405,232
Income from the portfolio	**160,495**	126,246
Management fees – Economic Development Fund (Note 8)	**25,705**	26,500
Administrative expenses	**(76,492)**	(79,167)
Operating income from continuing operations	**93,410**	36,683
Income from discontinued operations (Note 9)	**2,660**	1,221
NET INCOME	**96,070**	37,904

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended March 31, 2015
(amounts are in thousands of Canadian dollars)

	2015	2014
NET INCOME	**96,070**	37,904
Other comprehensive income		
Items that will not be reclassified to net income:		
Remeasurement of the defined benefit plan liability (Note 30)	**(2,739)**	812
	(2,739)	812
Items that will be reclassified subsequently to net income:		
Available-for-sale financial assets		
Net change in fair value of available-for-sale financial assets	**26,728**	202,440
Reclassification to net income of realized losses on available-for-sale financial assets	**(49,001)**	(134,478)
	(22,273)	67,962
Cash flow hedges		
Effective portion of changes in fair value of cash flow hedges	**(2,505)**	(1,114)
Net change in fair value of cash flow hedges transferred to net income	**2,667**	992
	162	(122)
Translation differences		
Exchange difference on translation of a subsidiary	**19,331**	10,174
Share of exchange differences from translation of equity-accounted entities (Note 20)	**45,395**	27,894
	64,726	38,068
Total other comprehensive income	**39,876**	106,720
COMPREHENSIVE INCOME	**135,946**	144,624

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2015
(amounts are in thousands of Canadian dollars)

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents (Note 10)	**302,924**	106,221
Temporary investments (Note 11)	**348,681**	554,149
Accounts receivable (Note 12)	**101,250**	87,981
Guarantee fees receivable (Note 13)	**6,135**	7,849
Inventories (Note 14)	**66,035**	56,549
Prepaid expenses	**4,539**	3,402
Notes receivable from the Government of Québec (Note 15)	**836,253**	853,630
Loans (Note 16)	**253,113**	245,479
Investments (Note 18)	**104,709**	45,547
Amounts recoverable from the Government of Québec (Note 39)	**2,876**	207
Assets held for sale (Note 19)	**141,876**	–
	2,168,391	1,961,014
Non-current assets		
Guarantee fees receivable (Note 13)	**9,087**	14,862
Notes receivable from the Government of Québec (Note 15)	**3,744,944**	3,734,837
Loans (Note 16)	**753,299**	637,471
Investments (Note 18)	**1,142,539**	1,200,114
Interests in equity-accounted entities (Note 20)	**255,288**	336,128
Amounts recoverable from the Government of Québec (Note 39)	**17,005**	29,930
Property, plant and equipment (Note 21)	**171,454**	159,856
Biological assets (Note 22)	**79,111**	74,133
Intangible assets (Note 23)	**72,625**	73,538
Other assets	**514**	496
	6,245,866	6,261,365
TOTAL ASSETS	**8,414,257**	8,222,379
LIABILITIES AND EQUITY		
Current liabilities		
Bank overdrafts	**39**	535
Accounts payable and accrued liabilities (Note 25)	**77,014**	77,871
Employee benefit liability	**12,640**	10,617
Current portion of long-term debt (Note 26)	**830,507**	838,841
Non-interest-bearing advances from the Government of Québec (Note 39)	**506,317**	481,317
Provisions (Note 28)	**2,268**	1,300
Derivative financial instruments	**12,812**	922
	1,441,597	1,411,403
Non-current liabilities		
Long-term debt (Note 26)	**3,777,377**	3,731,622
Deferred grants (Note 27)	**14,414**	14,304
Provisions (Note 28)	**9,587**	12,400
Guarantee liability (Note 29)	**85,969**	110,937
Defined benefit liability (Note 30)	**40,408**	34,893
Deferred benefits conferred by immigrant investors	**196,388**	217,324
Derivative financial instruments	**28,260**	6,702
Other liabilities (Note 31)	**6,017**	4,500
	5,600,017	5,544,085
Equity		
Share capital (Note 32)	**3,073,340**	3,073,340
Deficit	**(545,241)**	(638,572)
Accumulated other comprehensive income	**286,141**	243,526
	2,814,240	2,678,294
TOTAL LIABILITIES AND EQUITY	**8,414,257**	8,222,379

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board of Directors,

Louis L. Roquet
Chair of the Board of Directors

Jean Landry, CPA, CA, ASC
Chair of the Audit Committee

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2015
(amounts are in thousands of Canadian dollars)

			ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)			
	Share capital	Deficit	Available-for-sale financial assets	Cash flow hedge	Translation difference	Total equity
Balance as at April 1, 2013	3,073,340	(677,288)	149,679	366	(12,427)	**2,533,670**
Net income for the year	–	37,904	–	–	–	**37,904**
Other comprehensive income (loss)	–	812	67,962	(122)	38,068	**106,720**
Balance as at March 31, 2014	**3,073,340**	**(638,572)**	**217,641**	**244**	**25,641**	**2,678,294**
Net income for the year	–	96,070	–	–	–	**96,070**
Other comprehensive income (loss)	–	(2,739)	(22,273)	162	64,726	**39,876**
Balance as at March 31, 2015	**3,073,340**	**(545,241)**	**195,368**	**406**	**90,367**	**2,814,240**

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2015
(amounts are in thousands of Canadian dollars)

	2015	2014
Cash flows related to operating activities		
Income from continuing operations	**93,410**	36,683
Adjustments for:		
Share of net income of equity-accounted entities (Note 20)	**21,160**	24,077
Amortization of property, plant and equipment and intangible assets (Notes 21, 23 and 27)	**16,731**	17,746
Impairment losses and write-offs related to property, plant and equipment and intangible assets (Notes 21, 23 and 27)	**11,737**	11,113
Investment income (Note 6)	**(227,157)**	(236,871)
Financial revenues	**(32,285)**	(17,500)
Financial expenses	**5,621**	3,809
Benefits conferred by immigrant investors	**(96,909)**	(107,697)
Net change in investments at fair value through profit or loss (Note 6)	**27,705**	(15,815)
Net gains on investments and other	**(58,822)**	(141,371)
Interest on notes from immigrant investors	**108,636**	107,700
Impairment losses on investments	**33,297**	187,971
Employee benefits	**4,811**	2,406
Net change in fair value of biological assets (Note 22)	**(4,840)**	(3,324)
Settlement of derivative financial instruments	**(3,473)**	–
Other items, net	**1,509**	2,638
	(98,869)	(128,435)
Dividends received	**69,398**	90,946
Interest received	**201,270**	173,440
Change in assets and liabilities related to operating activities (Note 34)	**(12,851)**	4,605
Cash flows related to operating activities of continuing operations	**158,948**	140,556
Cash flows related to operating activities of discontinued operations	**(200)**	(218)
	158,748	140,338
Cash flows related to investing activities		
Net decrease (increase) in temporary investments	**201,283**	(26,253)
Decrease in loans and guarantee fees receivable	**246,205**	199,264
Increase in loans	**(386,978)**	(464,446)
Decrease in notes receivable from the Government of Québec	**747,461**	457,451
Increase in notes receivable from the Government of Québec	**(751,454)**	(1,002,091)
Acquisitions of investments and interests in equity-accounted entities	**(345,460)**	(262,833)
Disposals of investments and interests in equity-accounted entities	**326,212**	320,545
Decrease in amounts recoverable from government	**6,300**	8,310
Additions to property, plant and equipment and intangible assets	**(26,828)**	(24,117)
Other investing activities	**2,147**	1,556
Cash flows related to investing activities of continuing operations	**18,888**	(792,614)
Cash flows related to investing activities of discontinued operations	**(2,187)**	(142)
	16,701	(792,756)
Cash flows related to financing activities		
Bank loans	**–**	(3,126)
Increase in long-term debt	**866,391**	1,118,800
Repayment of long-term debt	**(857,419)**	(546,400)
Advances from the Government of Québec	**25,000**	66,000
Guarantee disbursements	**(11,539)**	(7,275)
Interest paid	**(49)**	(65)
Other financing activities	**2**	287
Cash flows related to financing activities of continuing operations	**22,386**	628,221
Impact of exchange rate changes on cash and cash equivalents	**(636)**	(580)
Net increase (decrease) in cash and cash equivalents	**197,199**	(24,777)
Cash and cash equivalents, beginning of year	**105,686**	130,463
Cash and cash equivalents, end of year	**302,885**	105,686
Cash and cash equivalents related to continuing operations include:		
Cash and cash equivalents (Note 10)	**302,924**	106,221
Bank overdrafts	**(39)**	(535)
	302,885	105,686

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended March 31, 2015
(tabular amounts are in thousands of Canadian dollars, unless otherwise indicated)

1. INCORPORATING LEGISLATION AND NATURE OF ACTIVITIES

As of April 1, 2011, the Société générale de financement du Québec (SGF) and Investissement Québec (IQ) were amalgamated under the *Act respecting Investissement Québec* (R.S.Q., c. I-16.0.1), creating a new joint stock company incorporated under the name Investissement Québec (the Corporation). The Corporation's mission is to contribute to Québec's economic development in accordance with the economic policy set by the Government of Québec by stimulating investment and fostering employment in every region of Québec.

To achieve its mission, the Corporation supports the creation and development of businesses of all sizes through customized financial solutions and investments that are complementary to partner offers. In accordance with the mandate it received from the government, the Corporation is also active in foreign investment prospecting and strategic financing operations. In pursuing its mission, the Corporation provides financial services.

Pursuant to its mission, the Corporation administers financial assistance programs developed or designated by the government as well as mandates entrusted by the government. The government is responsible for these programs and mandates, which are part of the Economic Development Fund (EDF), and for the EDF's revenues and losses. The EDF's accounts are separate from any other accounts, including those of the Corporation. However, the Corporation is responsible towards the government for administering these programs and mandates.

The Corporation's head office is located at 1200, route de l'Église, bureau 500, Québec City, Québec, Canada.

As a government-owned enterprise, Investissement Québec and its wholly owned subsidiaries are not subject to income tax in Québec or Canada.

2. BASIS OF PREPARATION

A) STATEMENT OF COMPLIANCE

These consolidated financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards (IFRS).

The Corporation's consolidated financial statements were approved for publication by the Board of Directors on May 26, 2015.

B) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on a historical cost basis, except for the following items of the Consolidated Statement of Financial Position:

- Derivative financial instruments and separately recognized embedded derivatives, which are measured at fair value;
- Financial instruments at fair value through profit or loss, which are measured at fair value;
- Available-for-sale financial assets, which are measured at fair value;
- Biological assets, which are measured at fair value less costs to sell;
- The defined benefit liability, which is the present value of the defined benefit obligation, net of the fair value of plan assets.

The specific accounting treatment of transactions is described under Significant Accounting Policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended March 31, 2015
(tabular amounts are in thousands of Canadian dollars, unless otherwise indicated)

C) FUNCTIONAL AND PRESENTATION CURRENCY

Financial information is presented in Canadian dollars, which is the Corporation's functional currency.

D) USE OF ESTIMATES

The following estimates and assumptions had the most significant impact on the amounts recognized in the consolidated financial statements:

i) Impairment of assets
As described in Note 20, the Corporation measured the recoverable amount of interests in equity-accounted entities that were showing objective evidence of impairment. The recoverable amount of these interests was determined based on the higher of value in use and fair value less costs to sell. Value in use was measured using significant estimates and assumptions, including the amount of future cash flows and applicable discount rates. Fair value less costs to sell is the amount obtainable from the sale of an asset or a cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

As presented in Notes 7 and 20, as at March 31, 2015, impairment losses totalling $5,404,000 ($131,898,000 as at March 31, 2014) and impairment reversals of $30,976,000 ($11,199,000 as at March 31, 2014) were recognized in net income.

ii) Fair value of financial instruments
When the fair value of financial instruments recognized at fair value in the Consolidated Statement of Financial Position cannot be derived from quoted prices in an active market, it is based on measurement techniques that rely on assumptions of observable inputs or inputs that can be corroborated by market data (Level 2) or unobservable inputs (Level 3).

As at March 31, 2015, the financial instruments recognized at fair value based on Level 2 inputs had a fair value of $249,431,000 and those based on Level 3 inputs had a fair value of $506,446,000. The fair value of Level 2 financial liabilities recognized at fair value was $41,072,000. Note 37 describes the impact that would result from changing the inputs used in measuring Level 3 financial instruments.

iii) Provision for losses on loans and guarantees
The provision for losses on loans and guarantees is estimated using the value of the estimated future cash flows discounted at the initial effective interest rate of the loan. Future cash flows are estimated, among other factors, by using each borrower's credit rating and expected recovery of the underlying collateral. As at March 31, 2015, the allowance for loan losses stood at $130,898,000.

Actual results may differ from these estimates. These estimates and assumptions are periodically reviewed and, if adjustments are necessary, they are recognized prospectively as of the applicable period.

E) CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

i) Impairment of available-for-sale financial assets
To determine whether an available-for-sale financial asset shows objective evidence of impairment, management considers factors such as the duration and significance of the impairment loss in relation to the cost of the investment and the issuer's financial position. This analysis relies mainly on management's judgment.

If all declines in value below the cost of an investment had been considered significant and prolonged, the Corporation would have recognized additional impairment losses of $1,837,000 in net income as at March 31, 2015, an amount that would have been reclassified from accumulated other comprehensive income.

ii) Impairment of assets
At each reporting date, management determines whether property, plant and equipment, intangible assets and interests in equity-accounted entities show objective evidence of impairment loss or impairment reversal. If objective evidence exists, the recoverable amount of the asset is estimated. In its analysis, management considers such factors as the entity's economic, technological or market environment, budget forecasts or the asset's market capitalization.

iii) Provision for losses on loans and guarantees
At each reporting date, management determines whether loans with a high cumulative balance show, on an individual basis, objective evidence of impairment based on factors indicating that the borrower's financial position has deteriorated, including, among other things, default on payment of interest or principal, financial restructuring, or an adverse change in the borrower's solvency.

Management also makes estimates for a collective provision by grouping together loans by similar credit rating and risk characteristics. This analysis relies mainly on management's judgment. The provision for losses on guarantees is determined using the same methods as the allowance for losses on loans.

3. CHANGES IN ACCOUNTING POLICIES

A) ADOPTION OF NEW ACCOUNTING STANDARDS

i) Financial instruments: presentation (Offsetting Financial Assets and Financial Liabilities)
The Corporation applied the amendments to IAS 32, *Financial instruments: presentation* (Offsetting Financial Assets and Financial Liabilities), to its fiscal year beginning on April 1, 2014. These amendments state that an entity has a legally enforceable right to set-off if that right is not contingent on a future event and if it is enforceable both in the normal course of business and in the event of default. The amendments also clarify how to determine whether a settlement system provides for net settlement or gross settlement that is equivalent to net settlement. The application of IAS 32 amendments had no impact on the Corporation's consolidated financial statements.

ii) Impairment of assets (Recoverable Amount Disclosures for Non-Financial Assets)
The Corporation applied the amendments to IAS 36, *Impairment of assets* (Recoverable Amount Disclosures for Non-Financial Assets), to its fiscal year beginning on April 1, 2014. These amendments require disclosure about the recoverable amount of impaired assets and additional disclosures when the recoverable amount is based on fair value less costs of disposal. The purpose of these amendments is to clarify the original intention of the International Accounting Standards Board (IASB) to limit the scope of these disclosures to the recoverable amount of impaired assets that are based on fair value less costs of disposal.

The application of IAS 36 amendments had no impact on disclosures in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended March 31, 2015
(tabular amounts are in thousands of Canadian dollars, unless otherwise indicated)

B) ACCOUNTING STANDARDS ISSUED BUT NOT YET IN EFFECT

A number of new standards, interpretations and amendments to existing standards issued by the IASB, which are mandatory but were not yet effective for the period ended March 31, 2015, have not been applied in preparing these consolidated financial statements. The standards that apply to the Corporation are as follows:

Standard/interpretation	Applicable to fiscal years beginning on
IFRS 9, *Financial instruments*	April 1, 2018
IFRS 15, *Revenue from contracts with customers*	April 1, 2018
Amendments to IFRS 11, *Joint arrangements* (Accounting for Acquisitions of Interests in Joint Operations)	April 1, 2016
Amendments to IAS 1, *Presentation of financial statements*	April 1, 2016
Amendment to IAS 16, *Property, plant and equipment,* and to IAS 38, *Intangible assets* (Clarification of Acceptable Methods of Depreciation and Amortization)	April 1, 2016
Amendments to IAS 16, *Property, plant and equipment*, and to IAS 41, *Agriculture* (Amendment to the Accounting for Bearer Plants)	April 1, 2016
Amendments to IAS 19, *Employee benefits*	April 1, 2015

i) IFRS 9, Financial instruments

IFRS 9 replaces the guidance in IAS 39, *Financial instruments: Recognition and measurement*, regarding the classification and measurement of financial assets. The standard eliminates, among other things, the existing IAS 39 categories, namely, investments held to maturity, available-for-sale assets, and loans and receivables. Upon initial recognition, financial assets will be classified into one of the following three categories: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss. The classification shall be based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets shall be measured at amortized cost (net of any impairment loss) if i) they are held within a business model whose objective is to collect contractual cash flows, and ii) their contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

Financial assets shall be measured at fair value through other comprehensive income if i) they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and ii) their contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets shall be measured at fair value through profit or loss. However, an entity may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

Despite the above, an entity may, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognizing the gains or losses on them on different bases.

IFRS 9 also includes guidance on the classification and measurement of financial liabilities. This guidance is consistent with the guidance in IAS 39, except for certain items, in particular financial liabilities measured at fair value under the fair value option. Changes in fair value attributable to changes in credit risk must be recognized in other comprehensive income with the remaining changes being recognized in net income. However, if this requirement creates or increases an accounting mismatch in net income, the entire change in fair value will be recognized in net income. Amounts presented in other comprehensive income must not be subsequently reclassified to net income.

IFRS 9 also includes a new expected loss model to determine when financial instrument impairment is to be recognized. The current incurred loss model requires a loss event to occur before a provision can be taken. The new expected credit loss model is designed to recognize credit losses on a more timely basis. Consequently, credit losses expected over the next 12 months would be recognized on all financial instruments recognized at amortized cost at the date of purchase or origination. Lifetime expected credit losses would be recognized when a financial instrument deteriorates significantly in credit quality. This is a significantly lower threshold for recognition than under the current incurred loss model that, in practice, has resulted in provisioning only when financial assets are close to default.

IFRS 9 also includes new general hedge accounting rules, which will align hedge accounting more closely with risk management. These new rules do not fundamentally change the types of hedging relationships or the requirement to measure and recognize hedge ineffectiveness; however, they will provide more hedging strategies to be used for risk management to qualify for hedge accounting and introduce more judgment in assessing the effectiveness of a hedging relationship. Retrospective assessment of hedge effectiveness is no longer required.

IFRS 9 also contains significantly more disclosure requirements about an entity's risk management activities.

The Corporation has not yet evaluated the impact of this standard on its consolidated financial statements or determined whether it will be early adopted.

ii) IFRS 15, Revenue from contracts with customers

IFRS 15 replaces the guidance in IAS 11, *Construction contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer loyalty programs*, IFRIC 15, *Agreements for the construction of real estate*, IFRIC 18, *Transfers of assets from customers*, and SIC-31, *Revenue – barter transactions involving advertising services*. The standard provides a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model consists of a contract-based five-step analysis of transactions to determine whether, how much, and when revenue is recognized.

Specifically, the standard introduces a five-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract;
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

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New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs.

The Corporation has not yet evaluated the impact of this standard on its consolidated financial statements or determined whether it will be early adopted.

iii) Amendments to IFRS 11, Joint arrangements (Accounting for Acquisitions of Interests in Joint Operations)
Amendments to IFRS 11 require that the principles of business combinations accounting be applied to acquisitions of interests in a joint operation that constitutes a business.

The Corporation has not yet evaluated the impact of these amendments on its consolidated financial statements or determined whether they will be early adopted.

iv) Amendments to IAS 1, Presentation of financial statements
In January 2015, the IASB issued amendments to IAS 1, *Presentation of financial statements*, as part of its major initiative to improve presentation and disclosure in financial reports (the "Disclosure Initiative"). These amendments do not result in significant changes to the current practice, but should facilitate improved financial statement disclosures.

The Corporation has not yet evaluated the impact of these amendments on its consolidated financial statements or determined whether they will be early adopted.

v) Amendments to IAS 16, Property, plant and equipment, and to IAS 38, Intangible assets (Clarification of Acceptable Methods of Depreciation and Amortization)
The amendments to IAS 16 explicitly state that revenue-based depreciation methods cannot be used for property, plant and equipment, the reason being that these depreciation methods reflect factors other than the consumption of the economic benefits embodied in the asset.

The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of intangible assets. This presumption can only be rebutted when revenue and the consumption of the economic benefits of the intangible asset are "highly correlated" or when the intangible asset is expressed as a measure of revenue.

As the Corporation does not use any revenue-based depreciation or amortization methods, adopting these clarifications will have no impact on the consolidated financial statements.

vi) Amendments to IAS 16, Property, plant and equipment, and to IAS 41, Agriculture (Amendment to the Accounting for Bearer Plants)
The amendments bring bearer plants into the scope of IAS 16, *Property, plant and equipment*, so that an entity may now elect, after initial recognition, to measure bearer plants using either the cost model or the revaluation model at fair value through other comprehensive income. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell, pursuant to IAS 41, *Agriculture*. A bearer plant is a plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period, and has a remote likelihood of being sold as agricultural produce.

The Corporation has not yet evaluated the impact of these amendments on its consolidated financial statements or determined whether they will be early adopted.

vii) Amendments to IAS 19, Employee benefits
IAS 19 was amended to reduce the complexity and difficulty in accounting for certain employee or third-party contributions to defined benefit plans, particularly when those contributions are independent of the number of years of employee service. The amendments specify that such contributions may be recognized as a reduction in the entity's service cost if they are linked solely to the employee's service rendered in the same period in which they are payable. Otherwise, those contributions decrease plan liabilities.

The Corporation has not yet evaluated the impact of these amendments on its consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described below have been applied consistently by all the entities consolidated in these financial statements of the Corporation.

A) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the Corporation's financial statements and those of its subsidiaries and its interests in associates and joint arrangements.

i) Subsidiaries
Subsidiaries are companies controlled by the Corporation. Control is achieved when the Corporation is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intercompany balances and transactions were eliminated for purposes of preparing the consolidated financial statements.

The Corporation's subsidiaries, which are wholly owned, are as follows:

• Albecour inc. (1)	• Temrex Forest Products, Limited Partnership
• Gestion forestière du Saint-Maurice inc.	• Rexforêt inc.
• Gestion forestière Lacroix inc.	• C.D.M.V. inc.
• Gestion La Madeleine inc.	• Centre d'insémination porcine du Québec (C.I.P.Q.) inc.
• IQ FIER inc.	• IQ Immigrants Investisseurs inc. (Immigrant Investor)
• Ressources Québec inc. (2)	• iNOVIA-IQ Growth Fund, Limited Partnership (3)

(1) The reporting date of this subsidiary is December 31, which is different from the Corporation's year-end, and is aligned with that of its partners in Aluminerie Alouette inc.

(2) Includes the subsidiaries SOQUEM inc. and Mine Arnaud inc.

(3) The reporting date of this subsidiary is December 31, which is different from the Corporation's year-end, and is aligned with that of the general partner.

ii) Investments in associates
Associates are companies over which the Corporation has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is deemed to exist when the Corporation holds, directly or indirectly, 20% or more of the voting power of an entity.

These interests, except for those designated as at fair value through profit or loss, are accounted for using the equity method and are initially recognized at cost. The Corporation's interest includes the goodwill that is identified upon acquisition, net of any accumulated impairment losses. Goodwill identified upon acquisition is measured in the same way as in a business combination.

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The consolidated financial statements include the Corporation's share of total revenues and expenses and changes in equity of equity-accounted entities, after adjustments to align the accounting policies with those of the Corporation, from the date that significant influence commences until the date that significant influence ceases. When the Corporation's share in the losses exceeds its interest in an equity-accounted entity, the carrying amount of that interest is reduced to nil, and the Corporation ceases to recognize its share in future losses unless the Corporation has an obligation to participate in the losses or to make payments on behalf of the company.

Gains and losses arising from transactions entered into with an equity-accounted entity are recognized in proportion to the interest in the associate that is not related to the Corporation.

iii) Joint arrangements

A joint arrangement is an enterprise over which two or more parties have joint control by way of contractual arrangement. Joint control exists when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified and recognized as follows:

- Joint operation: When the Corporation has rights to the assets and obligations for the liabilities related to the arrangement, the Corporation recognizes its assets, liabilities, revenues and expenses, including its share of any assets, liabilities, revenues and expenses related to its interest in a joint operation.

  The Corporation owned interests in the following material joint operations as at March 31, 2015 and 2014:

	Location	Interest
Aluminerie Alouette	Québec, Canada	6.67%
Projet Sept-Îles	Québec, Canada	61.77%

  The joint operations are active in the mineral extraction and processing sector.

- Joint venture: When the Corporation has rights to the net assets of the joint arrangement, the Corporation recognizes its interest in the joint venture using the equity method, as described in point ii).

iv) Business combination

Business acquisitions are accounted for using the acquisition method. The consideration transferred by the Corporation to obtain control of a subsidiary is the sum, at the acquisition date, of the fair values of the assets transferred, the liabilities incurred and equity units issued by the Corporation, including the fair value of any assets or liabilities resulting from a contingent consideration arrangement.

The Corporation recognizes an obligation to pay a contingent consideration as a liability and recognizes as an asset the right to the return of a previously transferred consideration if specified conditions are met. A contingent consideration is initially recognized at fair value on the acquisition date. A contingent consideration classified as equity is not remeasured and its subsequent settlement is recognized in equity. A contingent consideration classified as an asset or liability is subsequently recognized as either a financial instrument or a provision.

The Corporation measures goodwill as the fair value of the consideration transferred, including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured at the acquisition date.

Transaction costs, other than those associated with issuances of debt or equity securities, that the Corporation incurs in connection with a business combination are expensed as incurred.

B) FOREIGN CURRENCY

Transactions in foreign currencies are translated into the respective functional currencies of the Corporation's entities at the exchange rates in effect on the transaction dates and as follows:

- Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate in effect on that date; and

- Revenues and expenses are translated during the year at the exchange rate in effect at the time of the transaction or at the average exchange rate for the period.

Foreign exchange gains or losses are recognized in net income, except for foreign exchange gains and losses on available-for-sale equity securities that are included in other comprehensive income. Foreign exchange gains and losses are reported on a net basis.

i) Foreign operations

A foreign operation is a subsidiary, associate or joint arrangement whose activities are presented in a functional currency other than that of the Corporation. The assets and liabilities of foreign operations are translated into Canadian dollars using the end-of-period exchange rate.

Revenues and expenses are translated using the exchange rate in effect on the transaction dates or at the average exchange rate for the period.

Translation differences are recognized in the cumulative translation differences of other comprehensive income.

Upon the disposal of a foreign operation, meaning the disposal of the Corporation's total interest in a subsidiary or of an interest in a subsidiary, an associate or a jointly controlled entity that has a foreign operation, the cumulative amount of translation differences is reclassified from equity to net income as a gain or loss on the disposal. Upon the partial disposal of a subsidiary that includes a foreign operation, the proportionate share of that cumulative amount is reallocated to non-controlling interests. In any other partial disposal of a foreign operation, such as the partial reduction of an interest in an associate or jointly controlled entity, the proportionate share is reclassified to net income.

C) CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

Upon initial recognition, all financial assets and liabilities, including derivative financial instruments, are measured at fair value plus directly attributable transaction costs, excluding financial instruments at fair value through profit or loss, for which the transaction costs are expensed as incurred.

All financial instruments must be classified according to their characteristics based on management's intention or based on choice of category in certain circumstances. Upon initial recognition, all financial assets are classified either as at fair value through profit or loss, as held to maturity, as available for sale, or as loans and receivables, whereas financial liabilities are classified as at fair value through profit or loss or as other financial liabilities. Subsequent measurements of financial instruments depend on their classification.

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The Corporation has classified its financial instruments as follows:

Type of financial instrument	Category
Cash and cash equivalents	Loans and receivables / Designated as at fair value through profit or loss
Temporary investments	Loans and receivables / Designated as at fair value through profit or loss
Accounts receivable	Loans and receivables / Classified as at fair value through profit or loss
Guarantee fees receivable	Loans and receivables
Notes receivable from the Government of Québec	Loans and receivables
Loans	Loans and receivables
Investments	Available for sale / Classified and designated as at fair value through profit or loss
Bank overdrafts	Other financial liabilities
Accounts payable and accrued liabilities	Other financial liabilities
Advances from the Government of Québec	Other financial liabilities
Long-term debt	Other financial liabilities
Guarantee liability	Other financial liabilities
Derivative financial instruments	Classified as at fair value through profit or loss

A financial asset is derecognized when the contractual rights to the cash flows from that financial asset expire or when the Corporation transfers the contractual rights to receive the cash flows from that financial asset in a transaction where substantially all the risks and rewards of ownership of the financial asset are transferred. Any right created or maintained by the Corporation over the transferred financial assets is recognized separately in assets or liabilities.

A financial liability is derecognized when the Corporation's contractual obligations are discharged, cancelled or have expired.

Financial assets and liabilities are offset, and the net amount is reported in the Consolidated Statement of Financial Position if, and only if, the Corporation has a legal right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

i) Loans and receivables

After initial recognition, loans and receivables such as cash and cash equivalents, temporary investments, accounts receivable, guarantee fees receivable, notes receivable from the Government of Québec and loans are measured at amortized cost using the effective interest method, less any impairment losses. Income from loans and receivables is recognized under "Investment income" and "Other financial revenues" in net income

Loans

Analysis fees to offset loan origination fees assumed by the Corporation are deferred and amortized using the effective interest method.

Every year the Corporation reviews the quality of credit and when it has deteriorated to the point where there is no reasonable assurance that a loan will be collected in full (principal and interest), the loan is considered impaired. Indications of loan impairment include evidence that the borrower is experiencing significant financial difficulties, the likelihood of bankruptcy or other financial restructuring and a measurable decrease in estimated future cash flows due to unfavourable changes in the borrower's creditworthiness or economic conditions that correlate with payment defaults. Interest ceases to be recognized and the carrying amount of these loans is reduced to the estimated realizable value. Impairment losses are recognized under "Net impairment losses on investments" in net income. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through "Net impairment losses on investments" in net income.

The carrying value of loans restructured as low-interest loans and non-interest-bearing loans is reduced to the present value of net cash flows receivable under the new provisions, at the effective interest rate inherent in the loan. The decrease in carrying value resulting from the restructuring is charged to the provision for losses in net income. The increase in carrying value due to the passage of time is recorded as interest income under "Investment income" in net income.

Foreclosed assets are presented as impaired loans and recorded at fair value at the time of foreclosure. The reduction in the net carrying value of the loans is then recognized in net income. Any subsequent reduction is charged to the provision for losses.

Allowance for losses
The allowance for loan losses is reported in the Corporation's Consolidated Statement of Financial Position as a reduction to the value of the loans. In the Corporation's opinion, this allowance reflects the most accurate estimate of amounts required to cover losses on the loans in its portfolio.

Corporate clients are classified into risk categories that are based on solvency and credit criteria and that take business and economic conditions into consideration. This classification is updated regularly. Loans considered impaired are covered by an allowance for losses equal to the balance of the loan less the estimated realizable value of the collateral. When a company is winding up, has ceased repaying the Corporation and for which a turnaround is unlikely, the loans considered impaired are written off.

Other loans are subject to a collective provision for losses incurred but not yet identified, calculated by applying an allowance rate to the loan balance.

The allowance rate for each category is based on a statistical analysis using market inputs. The losses are subsequently adjusted to reflect qualitative factors such as management's judgment regarding credit quality given the current macroeconomic business conditions, portfolio-specific matters, model factors and the level of impaired loans for which a specific provision has not yet been made.

Companies that have high cumulative loan balances or that have special characteristics are subject to a specific analysis of the provision for losses, regardless of their risk category.

ii) Financial instruments at fair value through profit or loss
A financial asset held for trading is classified as at fair value through profit or loss. However, on initial recognition, it may be designated as at fair value through profit or loss if one of the following criteria is met: 1) the financial instrument contains one or more embedded derivatives that otherwise would have to be accounted for separately, 2) the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring the financial asset or liability or recognizing the gains or losses on them on a different basis, or 3) the financial asset and financial liability are part of a group of financial assets, financial liabilities or both that is managed, and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy. This designation is irrevocable.

The Corporation designated the following financial assets as at fair value through profit or loss:

- Cash equivalents and temporary investments, which are managed and evaluated on a fair value basis in accordance with a documented risk management and investment strategy;

- Asset-backed term notes (ABTN), which contain a number of embedded derivatives that must be recognized separately;

- Investments held by venture capital organizations whose main economic activity is investing to increase the value of their investments. Investments held by these organizations, including interests in associates and joint ventures, were designated as at fair value through profit or loss because they are managed and evaluated on a fair value basis in accordance with a documented risk management and investment strategy.

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Financial assets at fair value through profit or loss are evaluated at fair value, and changes in fair value are recorded under "Net change in investments at fair value through profit or loss" in the net income of the period in which they arise.

iii) Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and that are not classified in any of the previous categories. Investments in equity securities and certain debt securities (i.e., listed bonds) are classified as available-for-sale financial assets. The Corporation has elected to recognize transactions involving these assets on the trade date. Subsequent to initial recognition, these investments are measured at fair value, with changes in value, other than impairment losses and translation differences on available-for-sale debt securities, being recognized in other comprehensive income. Upon disposal of an investment, the cumulative gain or loss recognized in other comprehensive income, determined on an average cost basis, is transferred to net income under "Net gains on investments and other."

Available-for-sale financial assets are measured at each period-end to determine whether there is objective evidence of impairment. When determining whether there is objective evidence of impairment, the Corporation considers the duration and significance of the decline in fair value relative to its cost, as well as the issuer's financial position and outlook. An impairment loss is recognized by transferring the cumulative losses recognized in other comprehensive income to net income under "Net impairment losses on investments."

Impairment losses recognized in net income for equities classified as available for sale may not be reversed. Impairment losses recognized in net income on debt securities classified as available for sale must be reversed through net income if, in a subsequent period, the fair value of the security increases and such an increase can be objectively linked to an event occurring after the loss was recognized.

iv) Other financial liabilities
Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method. The corresponding interest expense is reported in net income under "Other financial expenses."

Bank overdrafts, bank loans, accounts payable and accrued liabilities, advances from the Government of Québec and long-term debt
Subsequent to initial recognition, bank overdrafts, bank loans, accounts payable and accrued liabilities, advances from the Government of Québec and long-term debt are measured at amortized cost using the effective interest method. The corresponding interest expense is reported in net income under "Other financial expenses" and "Expenses related to Immigrant Investor activities."

Issuance expenses, discounts and premiums are recognized in the carrying value of bank loans and long-term debt and are amortized using the effective interest method.

Notes payable to immigrant investors
Any difference between the fair value of the notes payable to immigrant investors and the cash consideration is deferred in the Consolidated Statement of Financial Position in "Deferred benefits conferred by immigrant investors." This amount is then gradually recognized in net income as revenue under "Benefits conferred by immigrant investors" as the Corporation incurs the expenses that it is contractually committed to incur with those amounts.

Guarantees

The Corporation initially recognizes a receivable for the guarantee fees receivable from guarantee contracts under "Guarantee fees receivable" in the Consolidated Statement of Financial Position, that is, the present value of guarantee fees receivable under contractual provisions. The Corporation initially recognizes its unconditional commitment to stand ready to perform in accordance with the terms of the guarantee contract under "Guarantee liability" in the Consolidated Statement of Financial Position, that is, the present value of guarantee fees receivable at contractual rates. Contractual rates correspond to the market rates on the date the contract is signed.

Subsequent to initial recognition, the receivable and initial guarantee liability are measured at amortized cost using the effective interest method.

Interest income from guarantee fees receivable is reported in net income under "Investment income." The initial guarantee liability is recognized in net income over the term of the guarantee contract in "Investment income," and the increase in carrying value due to the passage of time is recorded as an interest expense in net income under "Other financial expenses."

Since the carrying value of guarantees is not an indicator of the maximum obligation that the Corporation could be required to pay to a third party, the Corporation continues to consider guarantees as off-balance-sheet financial instruments.

The provision for doubtful accounts for guarantee fees receivable is determined in the same manner as the one for impaired loans.

A provision for losses is recognized in addition to the initial guarantee liability, if necessary. This provision is determined using the same methods as the allowance for loan losses. As soon as the provision for losses becomes greater than the unamortized balance of the initial guarantee liability, the guarantee liability must be adjusted according to the potential obligation to perform under the guarantee commitment. In the Corporation's opinion, the guarantee liability reflects the most accurate estimate of the foreseeable losses on the guarantee contracts in its portfolio.

Guarantee claims are recognized when the disbursement is approved by the Corporation, provided the conditions are met. Disbursements are then applied against the guarantee liability, and the balance of the guarantees is reduced by the same amount. Where the Corporation is virtually certain of recovery, the disbursements are recognized as assets in accordance with accounting policies applicable to the loans.

Analysis fees to offset guarantee contract origination fees assumed by the Corporation are deferred and amortized using the effective interest method.

D) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Corporation may use derivative financial instruments to reduce the risks of fluctuations in foreign currencies, interest rates and commodity prices. According to Corporation policy, derivative financial instruments are not used for trading or speculative purposes. Subsequent to initial recognition, derivative financial instruments are recognized at fair value.

The Corporation has designated certain derivative financial instruments as hedging instruments in cash flow hedges or fair value hedges. At the inception of a hedging relationship, the Corporation documents the relationship between the hedging instrument and the hedged item, its risk management objective, its strategy for establishing the hedge, and the methods to be used to measure hedge effectiveness. The Corporation is required to demonstrate that the relationship is highly effective, both at hedge inception and throughout the hedging period, so that it may continue to apply hedge accounting.

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i) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedging instruments is recognized in other comprehensive income and reported in the Consolidated Statement of Changes in Equity. Any gain or loss in fair value related to the ineffective portion is immediately recognized in net income. The effective portion of the hedge relationship accumulated in other comprehensive income is transferred to net income in the period in which the hedged item affects net income. If the hedging instrument no longer meets hedge accounting criteria, or if it matures or is sold, cancelled or exercised, or if the Corporation cancels the designation, hedge accounting ceases to be used on a prospective basis. Any accumulated gain or loss previously recognized in other comprehensive income is maintained until the forecasted transaction affects net income. If the forecasted transaction is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in net income.

ii) Fair value hedges

For derivative financial instruments designated as fair value hedges, changes in the fair value of a derivative financial hedging instrument accounted for in net income are largely offset by changes in the fair value of the hedged item to the extent that the hedging relationship is effective. When the fair value hedge ceases, the carrying amount of the hedged item is no longer adjusted and the hedged item's cumulative fair value adjustments are recorded in net income using the same accounting policy as for the hedged item.

The change in fair value of derivative financial instruments not designated as hedging instruments is recognized in net income under "Net change in investments at fair value through profit or loss."

iii) Separable embedded derivatives

An embedded derivative is accounted for separately from its host contract if, and only if, the following three conditions are met: the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract, the embedded derivative is a separate instrument that meets the definition of a derivative financial instrument, and the hybrid contract is not recorded at fair value.

Embedded derivatives recognized separately from a supply contract are reported under "Accounts payable and accrued liabilities" in the Consolidated Statement of Financial Position. Other separately recognized embedded derivatives, such as conversion options and warrants, are reported under "Investments" in the Consolidated Statement of Financial Position. Subsequent to initial recognition, separable embedded derivatives are measured at fair value. Changes in fair value are recognized in net income under "Cost of sales" and "Net change in investments at fair value through profit or loss."

E) REVENUES

i) Revenues from continuing operations

Revenues from the sale of goods in the normal course of business are measured at the fair value of the consideration received or receivable, net of returns and rebates. Revenues are recognized when there is objective evidence that the risks and rewards incidental to ownership have been transferred, i.e., generally when the goods have been delivered, the associated costs incurred or to be incurred and possible return of goods can be reliably estimated, there is no continuing involvement with the goods, the amount of revenue can be reliably measured, and recovery of the consideration is probable. The timing of the transfer of the risks and rewards varies depending on the nature of the continuing operations. Service revenue is recognized based on the stage of completion of the transaction at the end of the reporting period and when the outcome can be reliably estimated.

ii) Financial revenues

Income from dividends on investments is recognized when the Corporation's right to receive payment is established, provided it is probable that the economic benefits will flow to the Corporation and the amount of the revenue can be reliably estimated.

Interest income is recognized using the effective interest method.

Income from guarantee fees is recognized as described in Note 4C). Other financial revenues include analysis fees and interest on cash and temporary investments.

F) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and bank overdrafts, as the case may be, and temporary investments with maturities of three months or less from the acquisition date.

G) TEMPORARY INVESTMENTS

Temporary investments consist of investments with maturities of three months to twelve months from the acquisition date.

H) INVENTORIES

Inventories are valued at the lower of cost and net realizable value. The cost of inventories is based on the average cost method and includes costs of purchase, production or conversion as well as the costs incurred to bring the inventories to their present location and condition. The cost of finished goods and work in progress inventories includes an appropriate portion of production costs based on normal production capacity. Net realizable value is the estimated selling price in the normal course of business, less the estimated costs of completion and the estimated costs needed to make the sale or the replacement cost.

I) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenses that are directly attributable to the acquisition of the asset. The cost of assets produced by the Corporation includes the cost of raw materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the assets and restoring the site on which they are located, and the borrowing costs on qualifying assets.

Capitalization of borrowing costs for construction of a qualified asset commences when the work begins and ceases when the activities needed to prepare the asset for its intended use are substantially complete.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation is calculated over the depreciable amount, which is the cost of the asset less its residual value. The Corporation records depreciation on a straight-line basis over the following estimated useful lives:

Buildings	15 to 30 years
Material and equipment	4 to 25 years
Roads and bridges	14 to 20 years
Other	1 to 20 years

Land and property, plant and equipment under construction or development are not depreciated. The depreciation methods, useful lives and residual values are reviewed at each fiscal year-end and adjusted prospectively, if necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(tabular amounts are in thousands of Canadian dollars, unless otherwise indicated)

J) BIOLOGICAL ASSETS

Biological assets related to forest products include harvestable timber. Harvestable timber is measured at fair value less costs to sell, with any change recognized in net income for the year. Costs to sell include all costs that would be needed to sell the asset. Harvested timber is transferred to inventory at its fair value less estimated costs to sell at the date of harvest. Harvestable timber land is recognized separately as property, plant and equipment.

K) INTANGIBLE ASSETS

Intangible assets that have finite useful lives are recognized at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated over the cost of the asset less its residual value on a straight-line basis over the following estimated useful lives:

Electricity purchase agreement	15 to 25 years
Licences and other	3 to 20 years

The cost of the electricity purchase agreement for which the value is below market cost is amortized on a straight-line basis over the term of the agreement, i.e., 15 years starting in 2002. The cost of the right to obtain a block of electricity acquired in 2002 is amortized on a straight-line basis over the term of the agreement, i.e., 25 years starting in 2002.

The amortization methods, useful lives and residual values are reviewed at each fiscal year-end and adjusted prospectively, if necessary.

i) Mining properties and exploration and evaluation assets

Mining properties correspond to acquired interests in mining exploration permits or claims that include the rights to explore for, mine, extract and sell all minerals from such claims.

All pre-exploration costs, i.e., costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities, are expensed as incurred.

Once the legal right to explore has been acquired, exploration and evaluation costs are capitalized until the mining property becomes commercially viable or is sold or abandoned. These costs include expenditures associated with geological and geophysical studies, expenses related to the initial search for deposits with economic potential, such as drilling, sampling, etc. The administrative expenses related to exploration and evaluation work are recognized in net income. Exploration and evaluation assets are recorded at historical cost less any impairment loss recognized.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable for an area of interest, the Corporation stops capitalizing exploration and evaluation costs for that area, tests the recognized exploration and evaluation assets for impairment, and reclassifies any unimpaired exploration and evaluation assets to either tangible or intangible mine development assets according to the nature of the asset.

L) GOVERNMENT ASSISTANCE

The Corporation is eligible for government grants to acquire property, plant and equipment. These grants are presented as “Deferred grants” in the Consolidated Statement of Financial Position when there is reasonable assurance that they will be received and that the Corporation will comply with the conditions associated to them. This government assistance is systematically recognized in net income using the same method, periods and rates as the associated property, plant and equipment.

The Corporation is also eligible for government assistance to offset the expenses incurred for the losses and shortfalls of certain programs. This government assistance is initially recognized at fair value and reported in "Amounts recoverable from the Government of Québec." Every year, the Corporation measures the recoverable value of these amounts and recognizes changes to the net income of the period in which the expenses are incurred in "Net impairment losses on investments."

M) IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of property, plant and equipment, intangible assets with finite useful lives and interests in equity-accounted entities are reviewed on each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and fair value less costs to sell. To determine value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets, i.e., a cash-generating unit.

An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in net income. Impairment losses recognized in respect of a cash-generating unit are allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the carrying amounts of the other assets in the group (group of units) proportionately.

Impairment losses recognized in prior periods are measured at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized. Reversals of impairment losses are also recognized in net income. A reversal of an impairment loss on a cash-generating unit is allocated to the assets of the unit, except for goodwill, proportionately to the carrying amounts of those assets.

Goodwill that forms part of the carrying amount of an interest in an equity-accounted entity is not recognized separately and is therefore not tested for impairment separately. Instead, the entire carrying amount of the interest, including goodwill, is tested for impairment as a single asset when there is objective evidence that it may be impaired. Impairment losses and reversals of impairments on equity-accounted interests are recognized as described above and reported in net income under "Net impairment losses on investments."

N) ASSETS HELD FOR SALE

A non-current asset is classified as held for sale when its carrying amount will be recovered primarily through sale rather than through continuing use. This condition is met only when the sale is highly probable and the non-current asset (or disposal group) is immediately available for sale in its current condition. Management must be committed to the sale and the sale must be expected to qualify for recognition as a completed sale within one year from the classification date. A non-current asset held for sale must be measured at the lower of its carrying amount or fair value less costs to sell and should not be amortized as long as it is classified as such. Impairment losses arising from this classification and subsequent gains or losses on remeasurement are recognized in net income under "Net gains on investments and other." Reversals of recognized impairment losses may not exceed the cumulative amount of the impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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O) DISCONTINUED OPERATIONS

A discontinued operation is a component of the Corporation's business that either has been disposed of or is held for sale and that represents a major line of business or geographical area. Classification as a discontinued operation occurs upon disposal or at an earlier date when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income and comparative statement of cash flows are restated as if the operation had been discontinued from the start of the comparative period.

P) PROVISIONS

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be reliably estimated and it is probable that an outflow of economic benefits will be required to settle the obligation. When the impact of discounting is material, the amount is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a financial expense.

i) Provision for site restoration

A provision is recognized for the future obligations of the cost to dismantle and remove an item of property, plant and equipment and to restore the site on which it is located. The value of the obligation is added to the carrying amount of the item of property, plant and equipment and depreciated over its useful life. Adjustments to estimated future cash flows subsequent to reviews of the estimated amount or timing of undiscounted cash outflows or a change of discount rate are recognized as changes in the provision and the associated items of property, plant and equipment.

ii) Litigation

Litigation is monitored regularly, on a case by case basis, by the Corporation's management and with the assistance of external counsel for the most significant or complex cases. A provision is recognized when it becomes probable that a present obligation arising from a past event requires a settlement whose amount can be reliably estimated. The amount of the provision is the best estimate of the expenditure required to settle the obligation at the reporting date.

Q) EMPLOYEE BENEFITS

i) Salaries and short-term benefits

Obligations for salaries and short-term benefits are measured on an undiscounted basis and recognized when the related service is provided. A liability is recognized for the amount that the Corporation expects to pay as short-term cash bonuses if the Corporation has a present legal or constructive obligation to make these payments in consideration of past services rendered by the employee and the obligation can be reliably estimated.

ii) General and mandatory plans

The Corporation's employees participate in general and mandatory pension plans. These are defined benefit plans, administered by the Commission administrative des régimes de retraite et d'assurances, and include guarantees to pay pension and death benefits that are indexed annually. Defined contribution plan accounting is applied to these plans because the Corporation's obligations are limited to its employer contributions.

The employer's share in these plans is expensed in the period in which the services are rendered by the employees.

iii) Defined benefit plans

The cost of pension benefits and other retirement benefits provided in exchange for services rendered during the year is calculated at each reporting date using the projected unit credit method based on management's best estimate of economic and demographic assumptions.

The Corporation's net obligation for the defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their services in the current and prior periods; that amount is discounted to determine its present value. Unrecognized past service costs and the fair value of plan assets must be deducted.

The discount rate is the market yield, at the reporting date, on high-quality corporate bonds whose maturity dates approximate those of the Corporation's obligations and whose currency denominations match the currency in which the benefits are expected to be paid.

Past service costs arising from a plan amendment or curtailment are recognized in net income at the earlier of the following two dates: a) the date when the plan amendment or curtailment occurs, b) the date on which the entity recognizes related restructuring costs or the corresponding termination benefits.

Remeasurements, which include actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), are recognized immediately in the Consolidated Statement of Financial Position with a debit or credit recognized in other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are recognized immediately in the deficit and will not be reclassified to net income.

Net interest on the net defined benefit liability (asset) is determined by multiplying the net defined benefit liability (asset) by the discount rate, as determined at the start of the fiscal year and taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

The Corporation recognizes the actuarial gains and losses of its defined benefit plans immediately in the other comprehensive income that is reported in the Deficit item of the Consolidated Statement of Changes in Equity.

iv) Other long-term liabilities

The Corporation's net obligation for long-term benefits other than pension plans is the amount of future benefits earned by employees in return for their services during the current and prior periods; these benefits are recognized at their present value, with the fair value of related assets being deducted from the obligation. Any actuarial gain or loss is recognized in net income during the period in which the gain or loss occurs.

R) LEASES

Leases are classified as finance leases when substantially all of the risks and rewards incidental to ownership of the asset are transferred to the Corporation under the terms of the lease; other leases are classified as operating leases. All of the Corporation's leases are classified as operating leases.

Assets leased under operating leases are not recognized in the Corporation's Consolidated Statement of Financial Position. Payments made under operating leases are recognized in net income on a straight-line basis over the term of the lease. Lease incentives are recognized as an integral part of the total lease expense and amortized on a straight-line basis over the term of the lease. Related expenses, such as maintenance and insurance, are expensed as incurred.

S) CHANGES TO THE PRESENTATION OF THE STATEMENT OF FINANCIAL POSITION

During the year ended March 31, 2015, the Corporation reclassified the derivative financial instruments that were previously reported in "Other liabilities" to the Statement of Financial Position in order to disclose them separately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2015
(tabular amounts are in thousands of Canadian dollars, unless otherwise indicated)

5. STATEMENT OF INCOME BY FUNCTION

	2015	2014
REVENUES		
Sale of goods	**528,168**	469,023
Sale of services	**33,439**	34,531
Net investment income	**401,894**	531,478
Other	**258**	266
	963,759	1,035,298
EXPENSES		
Cost of goods and services sold	**465,993**	436,886
Financial expenses	**241,399**	405,232
	707,392	842,118
General administrative expenses	**113,919**	105,688
Storage expenses	**17,220**	15,667
Selling expenses	**10,658**	11,065
	141,797	132,420
Share of net income of equity-accounted entities	**(21,160)**	(24,077)
Operating income from continuing operations	**93,410**	36,683
Income from discontinued operations	**2,660**	1,221
Net income	**96,070**	37,904

Personnel-related expenses included in cost of sales, general expenses and administrative expenses in the Consolidated Statement of Income are as follows:

	2015	2014
Salaries and other short-term benefits	**84,875**	81,950
Contributions to defined contribution plans (Note 30)	**5,334**	4,975
Expenses related to defined benefit plans (Note 30)	**5,244**	4,477
	95,453	91,402

6. FINANCIAL REVENUES

INVESTMENT INCOME

	2015	2014
Interest on loans	**59,521**	48,199
Interest on impaired loans	**10,750**	8,673
Interest on guarantee fees receivable	**3,772**	5,051
Interest on notes receivable from the Government of Québec	**108,876**	108,027
Interest on available-for-sale investments	**3,803**	3,609
Dividends on available-for-sale investments	**21,165**	42,122
Interest and dividends on other investments	**2,637**	616
Guarantee fees	**16,633**	20,574
	227,157	236,871

NET CHANGE IN INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015	2014
Financial assets designated at fair value through profit or loss		
ABTN	**3,753**	7,786
Investments in venture capital organizations	**1,188**	1,281
Investments in venture capital organizations of associates and joint ventures	**6,455**	1,597
	11,396	10,664
Financial assets classified as held for trading		
Derivative financial instruments	**(39,101)**	5,151
	(27,705)	15,815

OTHER FINANCIAL REVENUES

	2015	2014
Analysis fees	**3,477**	5,242
Interest on cash and cash equivalents and temporary investments	**7,127**	7,294
Foreign exchange gain on financial instruments	**25,003**	10,058
Other	**11,104**	7,130
	46,711	29,724

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2015
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7. FINANCIAL EXPENSES

EXPENSES RELATED TO IMMIGRANT INVESTOR ACTIVITIES

	2015	2014
Interest on notes from immigrant investors	**108,636**	107,700
Fees to financial intermediaries	**40,829**	48,074
Non-refundable financial contributions	**51,117**	54,245
	200,582	210,019

NET IMPAIRMENT LOSSES ON INVESTMENTS

	2015	2014
Impairment of available-for-sale investments	**18,720**	5,485
Impairment of interests in equity-accounted entities (Note 20)	**5,404**	131,898
Reversal of impairment of interests in equity-accounted entities (Note 20)	**(30,976)**	(11,199)
Losses on loans and guarantees	**37,318**	56,963
Losses on amounts recoverable from the Government of Québec	**4,119**	6,612
Change in provision on commitments	**(1,722)**	(335)
Other	**434**	(1,453)
	33,297	187,971

OTHER FINANCIAL EXPENSES

	2015	2014
Interest on long-term debt	**707**	461
Interest on guarantee liability	**3,597**	4,730
Other	**3,216**	2,051
	7,520	7,242

8. MANAGEMENT FEES – ECONOMIC DEVELOPMENT FUND

Under the *Act respecting Investissement Québec*, the government sets the remuneration that the Corporation will receive for administering the financial assistance programs and the mandates given to it by the government under the EDF. The Corporation debits this remuneration from the EDF. Pursuant to decree 187-2015, dated March 18, 2015, the remuneration has been set at $25,700,000 for the year ended March 31, 2015 ($26,500,000 as at March 31, 2014).

9. DISCONTINUED OPERATIONS

The $2,660,000 net gain recognized in discontinued operations as at March 31, 2015 ($1,221,000 as at March 31, 2014) is the result of the adjustment to the provisions taken for the shutdown and restoration costs for sites of operations discontinued by the Corporation.

10. CASH AND CASH EQUIVALENTS

	2015	2014
Cash	**39,520**	33,414
Temporary investments with maturities of three months or less from the purchase date:		
Bankers' acceptances, 0.66% to 1.20%, maturing in April and May 2015	**65,349**	20,578
Term deposit	**–**	4,500
Bearer notes, rate of 0.81%, maturing in April 2015	**4,999**	–
Term notes, 0.67% to 0.92%, maturing from April to June 2015	**26,656**	15,695
Treasury bills, 0.50% to 1.03%, maturing from April to June 2015	**87,261**	16,274
Fixed-rate bonds, 0.70% to 1.05%, maturing in April and May 2015	**6,276**	4,453
Commercial paper, 0.63% to 0.94%, maturing in April 2015	**71,363**	11,307
Promissory notes, rate of 0.65%, maturing in April 2015	**1,500**	–
	302,924	106,221

11. TEMPORARY INVESTMENTS

	2015	2014
Bankers' acceptances, 0.84% to 1.33%, maturing from June to November 2015	**12,781**	66,399
Bearer notes, 1.27% to 1.41%, maturing from April to November 2015	**27,239**	46,190
Deposit certificates, 1.27% to 1.78%, maturing from April 2015 to March 2016	**70,492**	47,000
Term notes, 0.74% to 1.07%, maturing from May to October 2015	**15,152**	58,658
Treasury bills, 0.55% to 1.07%, maturing from April 2015 to February 2016	**54,443**	86,114
Variable-rate financial institution bonds, 3-month CDOR minus 0.02% to 3-month CDOR plus 1.38%, maturing from July to September 2015	**14,743**	4,005
Fixed-rate bonds, 0.64% to 1.53%, maturing from April 2015 to February 2016	**147,842**	243,189
Commercial paper, rate of 0.74%, maturing in June 2015	**5,989**	2,594
	348,681	554,149

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2015
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12. ACCOUNTS RECEIVABLE

	2015	2014
Trade accounts receivable	**65,461**	54,895
Trade accounts receivable – related parties		
Due from joint ventures	**267**	247
Due from associates	**2,446**	2,231
Balance of sale receivable	**6,827**	–
Other accounts receivable	**26,249**	30,608
	101,250	87,981

13. GUARANTEE FEES RECEIVABLE

	2015	2014
Guarantee fees receivable	**18,806**	27,905
Allowance for losses (Note 17)	**3,584**	5,194
	15,222	22,711
Less current portion, net of the allowance	**6,135**	7,849
	9,087	14,862

Scheduled receipts of guarantee fees, under contractual provisions, are as follows:

	2015	2014
Under 1 year	**8,280**	10,363
1 to 2 years	**4,285**	6,238
2 to 3 years	**2,934**	4,747
3 to 4 years	**1,940**	3,467
4 to 5 years	**1,292**	2,387
Over 5 years	**2,573**	4,686
	21,304	31,888

Receipts of guarantee fees receivable that are past due under contractual provisions but for which a specific provision has not been made are as follows:

	2015	2014
Under 30 days	**41**	185
30 to 90 days	**172**	1,110
Over 90 days	**–**	19
	213	1,314

14. INVENTORIES

	2015	2014
Finished goods	**51,670**	42,205
Raw materials	**7,105**	7,040
Consumable and spare parts	**4,665**	4,698
Work in progress	**1,212**	1,057
Other	**1,383**	1,549
	66,035	56,549

As at March 31, 2015, inventories recognized in "Cost of sales" totalled $452,897,000 ($408,691,000 as at March 31, 2014). This amount includes an impairment loss of $41,000 ($593,000 as at March 31, 2014). In estimating net realizable value, the Corporation uses values available on the market when the estimates are made. The Corporation did not record any reversals of previously recognized inventory impairments.

15. NOTES RECEIVABLE FROM THE GOVERNMENT OF QUÉBEC

The IQ Immigrants Investisseurs inc. subsidiary is responsible for receiving and managing capital from immigrant investors and using the investment income to administer the business assistance program in partnership with financial intermediaries. Pursuant to decree 8-2008, capital received from immigrant investors is invested in notes receivable from the government's consolidated fund with a yield equivalent to five-year Québec bonds.

	2015	2014
Notes receivable from the Government of Québec, interest rates of 1.15% to 3.64%, maturing from April 2015 to March 2020, notional value of $4.8 billion	**4,581,197**	4,588,467
Less current portion	**836,253**	853,630
	3,744,944	3,734,837

Scheduled collections of principal on notes receivable, under contractual provisions, are as follows:

	2015	2014
Under 1 year	**847,600**	867,600
1 to 2 years	**877,200**	847,600
2 to 3 years	**1,155,600**	877,200
3 to 4 years	**1,118,400**	1,155,600
4 to 5 years	**826,400**	1,118,400
	4,825,200	4,866,400

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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16. LOANS

	2015	2014
Loans		
Interest-bearing [1][2][3]		
Fixed rate	**257,610**	206,564
Variable rate	**708,503**	653,413
Non-interest-bearing	**1,747**	7,287
	967,860	867,264
Impaired	**169,450**	115,399
	1,137,310	982,663
Allowance for losses (Note 17)		
Interest-bearing loans	**(27,405)**	(25,137)
Non-interest-bearing loans	**(1,301)**	(1,299)
Impaired loans	**(102,192)**	(73,277)
	(130,898)	(99,713)
	1,006,412	882,950
Less current portion, net of the allowance	**253,113**	245,479
	753,299	637,471

(1) The following table shows the loans, net of the allowance for losses, by contractual maturity date, as well as the effective return on interest-bearing loans as at March 31:

2015

	Under 1 year	From 1 year to 5 years	Over 5 years	Total
Interest-bearing loans	**116,858**	**548,165**	**273,685**	**938,708**
Non-interest-bearing loans	**296**	**150**	**–**	**446**
Impaired loans	**6,231**	**39,737**	**21,290**	**67,258**
	123,385	**588,052**	**294,975**	**1,006,412**
Return at weighted effective rate	**5.64%**	**6.41%**	**5.43%**	

2014

	Under 1 year	From 1 year to 5 years	Over 5 years	Total
Interest-bearing loans	118,061	424,897	291,882	834,840
Non-interest-bearing loans	115	5,873	–	5,988
Impaired loans	3,610	18,559	19,953	42,122
	121,786	449,329	311,835	882,950
Return at weighted effective rate	7.65%	6.62%	6.44%	

(2) Including the carrying values of loans restructured during the year, which would have otherwise been impaired, for an amount of $395,000 as at March 31, 2015 ($652,000 as at March 31, 2014).
(3) Including loans granted to associates, under market conditions, totalling $36,100,000 as at March 31, 2015 ($33,600,000 as at March 31, 2014).

Scheduled principal collection on loans, under contractual provisions, are as follows:

	2015	2014
Under 1 year	**265,766**	244,849
1 to 2 years	**199,712**	202,692
2 to 3 years	**274,859**	119,045
3 to 4 years	**155,735**	172,401
4 to 5 years	**95,747**	81,972
Over 5 years	**170,349**	162,890
	1,162,168	983,849

Loans past due under contractual provisions but not impaired are as follows:

	2015	2014
Under 30 days	**–**	3,484
30 to 90 days	**572**	4,988
Over 90 days	**843**	926
	1,415	9,398

17. ALLOWANCE FOR LOSSES

	Loans	Guarantee fees receivable	Guarantee liability	Other	Total
Balance as at April 1, 2013	73,232	4,291	70,699	5,729	**153,951**
Provision for losses	50,120	3,090	3,753	(1,453)	**55,510**
Recoveries	708	–	70	–	**778**
Write-offs	(24,347)	(2,187)	–	(613)	**(27,147)**
Guarantee disbursements that did not create an asset	–	–	(7,344)	–	**(7,344)**
Unamortized balance of initial guarantee liability reclassified to allowance for losses	–	–	2,309	–	**2,309**
Balance as at March 31, 2014	**99,713**	**5,194**	**69,487**	**3,663**	**178,057**
Provision for losses	38,568	(541)	(709)	434	**37,752**
Recoveries	1,728	–	12	–	**1,740**
Write-offs	(9,111)	(1,069)	–	(1,543)	**(11,723)**
Guarantee disbursements that did not create an asset	–	–	(11,551)	–	**(11,551)**
Unamortized balance of initial guarantee liability reclassified to allowance for losses	–	–	847	–	**847**
Balance as at March 31, 2015	**130,898**	**3,584**	**58,086**	**2,554**	**195,122**

The Corporation may require clients to provide collateral and suretyships. Collateral generally consists of the universality of the corporate client's property, including land, buildings, equipment, machinery and furniture. As at March 31, 2015, the allowance took into account collateral and suretyships totalling $399,230,000 for loans ($298,497,000 as at March 31, 2014) and $155,585,000 for guarantees ($162,886,000 as at March 31, 2014).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2015
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18. INVESTMENTS

	2015	2014
Financial assets designated as at fair value through profit or loss		
ABTN	**29,500**	94,369
Investments in venture capital organizations	**18,222**	9,241
Investments in venture capital organizations of associates and joint ventures [(1) (2)]	**389,435**	346,094
	437,157	449,704
Financial assets classified as held for trading		
Derivative financial instruments	**13,225**	28,803
Available-for-sale financial assets		
Publicly traded shares	**487,947**	608,088
Private company shares and units	**86,048**	16,302
Bonds and other debt securities	**151,730**	142,764
Liquidation trust units	**71,141**	–
	796,866	767,154
Total investments	**1,247,248**	1,245,661
Less current portion, net of the allowance	**104,709**	45,547
	1,142,539	1,200,114

(1) At all times during the yield waiver period, certain other limited partners have a call option on certain units held by the Corporation, at the initial price paid plus a 6% return per year from their purchase date. As of the third fiscal year following the yield waiver period, these other limited partners also have a call option on units held by the Corporation at a price equal to the higher of fair value or carrying value.

(2) As at March 31, 2015, the Corporation held an interest in a venture capital organization of associates. This interest is individually material for the Corporation. As at March 31, 2015 and 2014, the Corporation held 33% of Teralys Capital Fund of Funds, L.P., whose principal place of business is in Québec, Canada, and whose fiscal year-end is December 31.

Investments denominated in U.S. dollars totalled C$99,973,000 as at March 31, 2015 (C$65,108,000 as at March 31, 2014) and investments denominated in other currencies totalled C$22,578,000 as at March 31, 2015 (C$25,082,000 as at March 31, 2014).

ASSET-BACKED TERM NOTES

The Corporation holds asset-backed term notes, the notional value of which breaks down as follows:

	2015	2014
MAV2		
Synthetic assets		
Class A-1	**22,162**	52,693
Class A-2	**567**	32,448
Class B	**103**	5,890
Class C	**708**	2,821
Ineligible assets	**517**	476
	24,057	94,328
MAV3		
Traditional assets	**35**	31
Ineligible assets	**11,462**	10,649
	11,497	10,680
Other restructured ABTNs	**3,853**	3,896
	39,407	108,904

During the year, the Corporation participated in an optional redemption unwind process for Canadian dollar denominated restructured notes of the MAV II conduits. In exchange, the Corporation received liquidation trust units and classified these units in "Available-for-sale financial assets."

	2015	2014
Liquidation trust units	**71,141**	–

As at March 31, 2015, the Corporation performed a valuation of ABTNs. In the course of this valuation, it considered new information made available and changes in credit market conditions. The Corporation believes that there is a sufficiently active secondary market to use the posted values in establishing the fair values of the Class A-1, A-2, B and C notes. As for vehicles made up exclusively of traditional assets and ineligible assets, fair value is based on a price hierarchy that is defined according to market indices, broker quotes and recent transactions. The market value of the liquidation trust units is based on the expected cash distributions upon liquidation of the units.

Following this new valuation, the Corporation recognized an increase in value of $3,753,000 as at March 31, 2015 ($7,786,000 as at March 31, 2014). This increase in fair value for the year mainly reflects the increased value of the Class A-1, A-2, B and C notes on the secondary markets.

The estimated fair value of ABTN investments is not likely to be indicative of the final value of the notes. Although the Corporation considers that the recorded estimated fair values are reasonable, changes to the main assumptions, particularly changes in the fair value of the underlying assets, changes in the liquidity of the Class A-1, A-2, B and C notes in the secondary markets, and the impact of a significant and prolonged economic slowdown could have a significant impact on the fair value of the new notes in coming years. The respective market values of the Class A-1, A-2, B and C notes are the most significant factor in the Corporation's valuation process. Possible changes in these values would result in changes in the estimated fair value of ABTN investments. A 10% change in the average market value of the Class A-1, A 2, B and C notes would increase (or decrease) fair value by approximately $2,141,000 as at March 31, 2015 ($8,712,000 as at March 31, 2014).

The change in ABTN balances in the Consolidated Statement of Financial Position and the composition of "Net change in investments at fair value through profit or loss" in the Consolidated Statement of Income are as follows:

	Notional value	Allowance for impairment	Total
Balance as at April 1, 2013	109,593	(22,182)	**87,411**
Repayment of capital	(2,538)	–	**(2,538)**
Net change in fair value (Note 6)	–	7,786	**7,786**
Write-offs	(822)	822	**–**
Foreign exchange gain (loss)	2,671	(961)	**1,710**
Balance as at March 31, 2014	**108,904**	**(14,535)**	**94,369**
Repayment of capital	(730)	–	**(730)**
Liquidation trust units received	(73,306)	2,165	**(71,141)**
Net change in fair value (Note 6)	–	3,753	**3,753**
Foreign exchange gain (loss)	4,539	(1,290)	**3,249**
Balance as at March 31, 2015	**39,407**	**(9,907)**	**29,500**

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19. ASSETS HELD FOR SALE

In February 2015, management committed to sell its 49.0% interest in joint venture CEPSA Química Montréal L.P., which operates in the petrochemical sector. As the Corporation's partner in this joint venture expressed its intention to sell its share in the limited partnership, the Corporation decided to join in the sale process. An active program to locate a buyer and complete the plan was initiated during the year. Accordingly, this interest is reported as an asset held for sale. As at March 31, 2015, the Corporation had entered into an agreement with a third party for the sale of its interest. The sale is expected to close in the first quarter of fiscal 2016.

As at March 31, 2015, the main classes of assets and liabilities related to assets held for sale were as follows:

Assets held for sale	
Interest in an equity-accounted entity	141,876
Accumulated other comprehensive income related to groups of assets held for sale	
Share of the exchange difference from translation of the equity-accounted entity	36,895

As at March 31, 2015, the Corporation measured its interest in the joint venture at fair value less costs to sell. There was no material change in the fair value less costs to sell since the initial classification of the asset as held for sale.

20. INTERESTS IN EQUITY-ACCOUNTED ENTITIES

The following table breaks down the Corporation's share of interests in equity-accounted entities recognized in net income, comprehensive income and in the Consolidated Statement of Financial Position:

	2015	2014
Share of net income of equity-accounted entities		
Joint ventures	**(20,251)**	(5,302)
Associates	**(909)**	(18,775)
	(21,160)	(24,077)

	2015	2014
Share of other comprehensive income		
Share of exchange differences from translation of equity-accounted entities		
Joint ventures	**41,727**	26,504
Associates	**3,668**	1,390
	45,395	27,894

	2015	2014
Interest in equity-accounted entities		
Joint ventures	**103,611**	217,083
Associates	**151,677**	119,045
	255,288	336,128

A) JOINT VENTURES

The Corporation owns interests in the following material joint ventures:

	Location	Year-end	2015	2014
CEPSA Química Bécancour Inc.	Québec, Canada	December 31	**49.0%**	49.0%
CEPSA Química Montréal L.P. (1)	Québec, Canada	December 31	**49.0%**	49.0%
ParaChem Chemicals L.P.	Québec, Canada	December 31	**49.0%**	49.0%

(1) As at March 31, 2015, the Corporation continued to have joint control of CEPSA Química Montréal L.P. However, during the year ended March 31, 2015, the Corporation classified this interest as an asset held for sale (Note 19). Following this change in classification, the Corporation discontinued using the equity method to account for its share of comprehensive income.

These joint ventures are structured as private enterprises for which there are no quoted market prices. The Corporation has a residual interest in the net assets. These interests are strategic investments for the Corporation in the petrochemical industry.

The following table presents the summarized financial information of the petrochemical joint ventures that are individually material for the Corporation. Since these companies operate in the same industry and have similar risk and return characteristics, the summarized financial information has been combined. This financial information reflects the amounts stated in the financial statements of each joint venture (and not the Corporation's share of those amounts), taking into account adjustments for differences in accounting policies and fair value adjustments made at the time of acquisition:

	2015	2014
Current assets (1)	**480,032**	546,385
Non-current assets	**412,296**	365,655
Current liabilities (2)	**(146,165)**	(165,056)
Non-current liabilities	**(17,911)**	(17,267)
Net assets	**728,252**	729,717
Ownership interest held by the Corporation	**49.0%**	49.0%
Corporation's share of net assets	**356,843**	357,561

(1) This amount included cash and cash equivalents of $61,577,000 as at March 31, 2015 ($94,709,000 as at March 31, 2014).
(2) As at March 31, 2015, there were no financial liabilities, excluding accounts payable and accrued liabilities (nil as at March 31, 2014).

	2015	2014
Revenues	**1,578,594**	1,684,977
Interest income	**277**	18
Amortization of property, plant and equipment and intangible assets	**(30,616)**	(41,425)
Interest expense	**(154)**	(361)
Income tax expense	**35**	(5,851)
Net income	**(39,894)**	(10,631)
Corporation's share of net income (1)	**(20,233)**	(5,209)
Other comprehensive income	**85,162**	54,090
Share of exchange differences from translation of equity-accounted entities (1)	**41,727**	26,504
Comprehensive income	**45,268**	43,459
Corporation's share of comprehensive income (1)	**21,494**	21,295
Dividends paid to the Corporation	**5,684**	10,187

(1) During the year ended March 31, 2015, the Corporation classified an interest as an asset held for sale (Note 19). Following this change in classification, the Corporation discontinued using the equity method to account for its share of income.

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The following table presents a reconciliation of the summarized financial information presented on the previous page with the carrying value of the Corporation's interests in its joint ventures accounted for using the equity method:

	2015	2014
Corporation's share of net assets	**356,843**	357,561
Impairment losses	**(90,263)**	(115,000)
Subtotal	**266,580**	242,561
Adjustment of share in net income for the period following discontinuance of the equity method	**(687)**	–
Interest classified as assets held for sale (Note 19)	**(141,876)**	–
Carrying value in the statement of financial position	**124,017**	242,561

During the year ended March 31, 2015, the Corporation measured the recoverable amount of one of its joint ventures before proceeding to reclassify the asset under "Assets held for sale." The Corporation estimated the recoverable amount of this interest based on fair value less costs to sell. Fair value was estimated according to the terms and conditions of a sales agreement being negotiated at the time of measurement (Level 3). An impairment reversal of $24,737,000 as at March 31, 2015 was recognized in net income under "Net impairment losses on investments" in respect of the interests in material joint ventures.

During the year ended March 31, 2014, the Corporation measured the recoverable amount of one of its material joint ventures that was showing objective evidence of impairment due to difficult market conditions and to changes having an adverse effect on the entity. The Corporation estimated the recoverable amount of this interest based on value in use. Value in use was estimated by discounting future cash flows. An impairment loss of $115,000,000 as at March 31, 2014 was recognized in net income under "Net impairment losses on investments" in respect of the interests in material joint ventures.

The Corporation also holds interests in joint ventures that are not individually material. These interests are in the following joint ventures:

	Location	Year-end	2015	2014
Kruger Wayagamack inc.	Québec, Canada	December 31	**49.0%**	49.0%
Pétromont and Company, Limited Partnership	Québec, Canada	December 31	**50.0%**	50.0%
8668396 Canada Inc.	Québec, Canada	March 31	**50.0%**	50.0%

The Corporation's carrying value and shares in the summarized financial information of interests in immaterial joint ventures are as follows:

	2015	2014
Carrying value of interests held in immaterial joint ventures	**(20,406)**	(25,478)
Share of:		
net income from continuing operations	**(18)**	(93)
net income after taxes from discontinued operations	**3,002**	1,555
Share of comprehensive income	**2,984**	1,462

The Corporation did not recognize losses totalling $15,800,000 as at March 31, 2015 ($4,850,000 as at March 31, 2014), since it had no obligations related to those losses. Unrecognized cumulative losses totalled $59,622,000 as at March 31, 2015 ($43,822,000 as at March 31, 2014).

These joint ventures are not subject to any restrictions that limit their ability to repay the loans and advances made by the Corporation. The Corporation has made capital commitments with respect to its investments in joint ventures of $38,004,000 as at March 31, 2015 (nil as at March 31, 2014). The Corporation has not made any commitments jointly with other joint venturers. The Corporation has guaranteed the lease commitments of its joint ventures for an amount of $12,568,000 as at March 31, 2015 ($10,969,000 as at March 31, 2014) and an unused bank line of credit of $6,206,000 as at March 31, 2015 ($5,417,000 as at March 31, 2014). The Corporation did not incur any contingent liabilities relating to its joint ventures.

B) ASSOCIATES

The Corporation holds interests in associates that are not individually material. The Corporation has interests in the following associates:

	Location	Year-end	2015	2014
Congebec Logistic Inc. (1)	Québec, Canada	December 31	**18.5%**	31.5%
Gaz Métro LNG, L.P.	Québec, Canada	September 30	**42.0%**	n/a
Acceo Holding Inc.	Québec, Canada	December 31	**28.7%**	28.7%
AGF Group Inc. (1)	Québec, Canada	March 31	**7.7%**	7.7%
OSI Consultant Group Inc.	Québec, Canada	December 31	**30.3%**	30.3%
Specialized Packaging Group L.P.	Québec, Canada	May 31	**29.4%**	35.0%
Groupe Le Massif inc. (3)	Québec, Canada	October 31	**29.2%**	29.2%
Groupe Solotech inc.	Québec, Canada	February 28	**25.0%**	25.0%
Groupe Varitron inc.	Québec, Canada	August 31	**28.3%**	28.3%
Groupe V Média inc. (2)	Québec, Canada	August 31	**0.0%**	n/a
Hibernum Créations inc.	Québec, Canada	December 31	**20.7%**	n/a
Knowlton Development Corporation Inc. (1)	Québec, Canada	April 30	**15.1%**	n/a
MédiaMed Technologies inc.	Québec, Canada	December 31	**n/a**	28.6%
ALT Canada Investment Partnership, L.P. (1)	Québec, Canada	December 31	**11.3%**	12.4%
Stornoway Diamond Corporation (1)	Québec, Canada	April 30	**7.9%**	33.0%
Varitron Technologies USA Inc.	Québec, Canada	April 30	**28.3%**	n/a
8973822 Canada Inc. (formerly A.R. Global Vision Ltd.)	Québec, Canada	January 31	**25.9%**	25.9%
9305-0383 Québec inc. (holds Abilis Solutions Inc.) (1)	Québec, Canada	October 31	**12.3%**	23.7%

(1) Although the Corporation holds less than 20% of the voting rights of certain associates, it has concluded that it exercises significant influence over these entities due to its veto rights on important decisions regarding their relevant operations, its representation on their boards of directors and other committees, or to its legal authority granted pursuant to contractual agreements with other organizations.

(2) The Corporation holds instruments that give it significant influence over the associate through its 15% share of the voting rights and its veto rights on important decisions regarding their relevant operations. However, as long as it does not exercise its conversion rights, the Corporation holds no participating shares in the associate.

(3) The associate's year-end was modified during the year. Previously, its year-end was November 30.

The Corporation's carrying value and shares in the summarized financial information of interests in immaterial associates are as follows:

	2015	2014
Carrying value of interests held in associates	**151,677**	119,045
Share of:		
net income from continuing operations	**(3,576)**	(20,068)
net income after taxes from discontinued operations	**2,667**	1,293
other comprehensive income	**3,668**	1,390
Share of comprehensive income	**2,759**	(17,385)

Stornoway Diamond Corporation is the only associate held by the Corporation that is publicly traded. Its share price as at March 31, 2015 was $0.63 per share (Level 1 input according to the fair value hierarchy), for a total fair value of $36,740,000 ($68,312,000 as at March 31, 2014).

The Corporation did not recognize losses totalling $10,183,000 as at March 31, 2015 ($499,000 as at March 31, 2014), since it had no obligations related to those losses. Unrecognized cumulative losses totalled $10,485,000 as at March 31, 2015 ($499,000 as at March 31, 2014).

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The associates are not subject to any restrictions that limit their ability to repay the loans and advances made by the Corporation. The Corporation's share of these associates' capital commitments was $197,388,000 as at March 31, 2015 ($8,128,000 as at March 31, 2014). The Corporation did not incur any contingent liabilities relating to its associates.

During the year ended March 31, 2015, the Corporation measured the recoverable amount of some of its interests that were showing objective evidence of impairment due to delays in carrying out their business plans. The Corporation estimated the recoverable amount of each of these interests using value in use. As at March 31, 2015, value in use is based on an orderly liquidation value (the recoverable amount was based on an orderly liquidation value as at March 31, 2014). Impairment losses totalling $5,404,000 as at March 31, 2015 ($16,898,000 as at March 31, 2014) were recognized in net income under "Net impairment losses on investments" related to the interests in associates.

During the year ended March 31, 2015, the Corporation measured the recoverable amount of some of its interests that were showing objective evidence of impairment reversal given material changes in the Corporation's net assets. The Corporation estimated the recoverable amount of each of these interests using value in use. As at March 31, 2015, value in use is based on an orderly liquidation value. An impairment reversal of $6,239,000 as at March 31, 2015 was recognized in net income under "Net impairment losses on investments" with respect to the interests in an associate.

During the year ended March 31, 2014, the Corporation measured the recoverable amount of some of its interests that were showing objective evidence of impairment reversal given a rise in market price and the results of a feasibility study. Value in use was estimated by discounting cash flows using a discount rate of 13.5%. An impairment reversal of $11,199,000 as at March 31, 2014 was recognized in net income under "Net impairment losses on investments" with respect to the interest in an associate.

21. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Material and equipment	Roads and bridges	Assets under construction	Other	Total
Cost	27,782	38,383	172,024	13,616	2,466	31,381	**285,652**
Accumulated depreciation	–	16,267	74,071	4,858	–	23,179	**118,375**
Balance as at April 1, 2013	27,782	22,116	97,953	8,758	2,466	8,202	**167,277**
Depreciation for the year	–	(1,445)	(11,268)	(699)	–	(2,402)	**(15,814)**
Acquisitions	–	337	8,759	–	–	3,036	**12,132**
Impairment loss	–	–	(10,530)	–	–	–	**(10,530)**
Foreign exchange impact	16	931	6,523	–	207	–	**7,677**
Disposals	–	–	(55)	–	–	(413)	**(468)**
Other changes	–	(20)	102	–	(102)	(398)	**(418)**
	16	(197)	(6,469)	(699)	105	(177)	**(7,421)**
Cost	27,798	40,227	182,595	13,616	2,571	33,167	**299,974**
Accumulated depreciation	–	18,308	91,111	5,557	–	25,142	**140,118**
Balance as at March 31, 2014	**27,798**	**21,919**	**91,484**	**8,059**	**2,571**	**8,025**	**159,856**
Depreciation for the year	–	(1,473)	(10,484)	(700)	–	(2,227)	**(14,884)**
Acquisitions	–	531	11,741	29	–	1,927	**14,228**
Impairment loss	(385)	–	–	–	–	–	**(385)**
Foreign exchange impact	29	1,606	11,788	–	334	45	**13,802**
Disposals	–	–	(446)	–	–	(7)	**(453)**
Other changes	–	(20)	162	–	(162)	(690)	**(710)**
	(356)	644	12,761	(671)	172	(952)	**11,598**
Cost	27,442	43,565	210,567	13,645	2,743	34,701	**332,663**
Accumulated depreciation	–	21,002	106,322	6,257	–	27,628	**161,209**
Balance as at March 31, 2015	**27,442**	**22,563**	**104,245**	**7,388**	**2,743**	**7,073**	**171,454**

During the year ended March 31, 2015, the Corporation recognized an impairment loss of $385,000 on certain parcels of land (nil as at March 31, 2014).

During the year ended March 31, 2014, given delays in reaching production objectives, the Corporation determined that the recoverable amount of certain material and equipment was below cost. Recoverable amount corresponds to value in use. The Corporation used a 13.7% discount rate to estimate the value in use of these assets and, accordingly, recognized an impairment loss of $10,530,000 on these assets.

The depreciation expense and impairment losses were recognized in the following items of the Consolidated Statement of Income:

	2015	2014
Cost of sales	**12,477**	23,356
General expenses	**1,726**	1,826
Administrative expenses	**1,066**	1,162
	15,269	26,344

As at March 31, 2015, assets under construction consisted of buildings in the amount of $371,000 ($339,000 as at March 31, 2014) and of material and equipment in the amount of $2,372,000 ($2,232,000 as at March 31, 2014). Amounts incurred up to March 31, 2015 for construction of assets do not include any capitalized borrowing costs.

22. BIOLOGICAL ASSETS

	Forest territories
Balance as at April 1, 2013	**70,819**
Acquisitions	12
Disposals	(22)
Change in fair value less costs to sell	3,324
Balance as at March 31, 2014	**74,133**
Acquisitions	150
Disposals	(12)
Change in fair value less costs to sell	4,840
Balance as at March 31, 2015	**79,111**

Harvestable timber consists of 455,158 hectares (455,158 hectares in 2014), of which 81% represents softwood plantations (81% in 2014) and 19% represents hardwood plantations (19% in 2014), and is broken down into the following stages of forest cover:

	2015	2014
Mature forest (age class: 70 years or older)	**27.0%**	26.0%
Intermediate forest (age class: 50 to 70 years)	**14.0%**	14.0%
Young forest (age class: 10 to 30 years)	**10.0%**	10.0%
Regenerating	**31.0%**	32.0%
Unproductive and non-forested	**18.0%**	18.0%

The merchantable volume of standing trees is approximately 24,392,000 m^3 (24,392,000 m^3 in 2014). During the year, the Corporation harvested 156,511 m^3 (140,099 m^3 in 2014) and sold timber rights for 311,406 m^2 (108,060 m^2 in 2014). According to the last forest management plan prepared by management, the annual cutting capacity is 445,238 m^3 (445,138 m^3 in 2014). According to management, the Corporation's cutting methods and forest management can maintain the annual cutting capacity at a stable level. During the 2014-2015 logging season, the Corporation did not carry out any reforestation (481,274 plants in 2014), but performed pre-commercial thinning work on 515 hectares (12,403 hectares in 2014) and mechanized clearing on 11,151 hectares (27,041 hectares as at March 31, 2014).

As at March 31, 2015, the fair value less costs to sell of the harvested agricultural products was $7,260,000 ($6,601,000 as at March 31, 2014).

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A) FAIR VALUE MEASUREMENT

The fair value was determined by a forest engineer, a valuation expert independent of the Corporation, using a discounted cash flow method. The fair value of harvestable timber was determined based on existing forest cutting plans, lumber prices and cutting costs, using the following significant assumptions:

- A discount rate of 6% (6% in 2014) based on the implied rates of return of recent transactions;
- A market value for standing trees of \$10.10/m^3 to \$14.60/m^3 (\$8.77/m^3 to \$14.31/m^3 in 2014) based in particular on selling prices and felling costs in effect as at March 31, 2015;
- An accelerated liquidation of mature wood inventories at a rate of 689,187 m^3 (689,187 m^3 in 2014) per year over periods of 10 to 40 years, or until depletion of harvestable inventories.

Estimated fair value would be greater (lesser) if:

- the discount rate were lower (higher);
- the market value of standing trees per cubic metre were higher (lower);
- the mature wood inventories were liquidated at a faster (slower) rate over a shorter (longer) period.

The fair value of harvestable timber was classified in Level 3 of the fair value hierarchy as it relies on valuation techniques based on significant unobservable market inputs.

This fair value was compared and adjusted based on an analysis of recent sales of comparable properties from 2005 to today.

B) FINANCIAL RISKS

In the normal course of operations, the Corporation is exposed to a certain number of risks related to its harvestable timber plantations. The Corporation's operations are governed by enacted laws and regulations concerning, in particular, environmental protection. The Corporation has established environmental policies and procedures in accordance with applicable environmental and other laws. The Corporation has obtained ISO-14001 certification (environmental management). Management assesses environmental risks on a continuing basis in order to ensure that existing systems allow for proper management of these risks.

The Corporation is exposed to risks arising from changes in lumber prices and sales volumes. Where practicable, the Corporation manages this risk by coordinating its cutting volumes with market supply and demand. Management regularly evaluates market trends in order to ensure that its price structure follows market trends and that planned cutting volumes are consistent with expected demand.

Harvestable timber plantations are exposed to the risk of damage caused by climate change, disease, forest fires and other forces of nature. The Corporation has implemented a procedure for monitoring and mitigating these risks, including regular inspections of the health of its forests and analyses of the industry's known parasites and diseases.

23. INTANGIBLE ASSETS

	Mining properties	Licences and other	Electricity purchase agreement	Total
Cost	50,595	31,492	8,573	**90,660**
Accumulated amortization	–	20,734	4,355	**25,089**
Balance as at April 1, 2013	50,595	10,758	4,218	**65,571**
Amortization for the year	–	(1,941)	(469)	**(2,410)**
Internally-generated acquisitions	10,186	57	413	**10,656**
Other acquisitions	–	484	–	**484**
Write-off and impairment loss	(583)	–	–	**(583)**
Disposals	–	(418)	–	**(418)**
Other changes	12	(125)	351	**238**
	9,615	(1,943)	295	**7,967**
Cost	60,210	30,651	9,744	**100,605**
Accumulated amortization	–	21,836	5,231	**27,067**
Balance as at March 31, 2014	**60,210**	**8,815**	**4,513**	**73,538**
Amortization for the year	–	(1,786)	(539)	**(2,325)**
Internally-generated acquisitions	10,400	134	629	**11,163**
Other acquisitions	–	749	–	**749**
Write-off and impairment loss	(11,482)	–	–	**(11,482)**
Other changes	15	195	772	**982**
	(1,067)	(708)	862	**(913)**
Cost	59,143	31,794	11,978	**102,915**
Accumulated amortization	–	23,687	6,603	**30,290**
Balance as at March 31, 2015	**59,143**	**8,107**	**5,375**	**72,625**

During the year ended March 31, 2015, the Corporation conducted specific evaluations of the mining properties based on their geological potential, the amounts allocated for maintaining and developing the properties, and the financial involvement of its partners. As at March 31, 2015, the Corporation estimated that some mining properties had no economic value, and an impairment loss of $11,482,000 was recognized to reflect a nil recoverable amount for these assets.

Amortization expense, impairment reversals and impairment losses were recognized in the following items of the Consolidated Statement of Income:

	2015	2014
Cost of sales	**816**	746
General expenses	**12,576**	1,637
Administrative expenses	**415**	610
	13,807	2,993

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The following table summarizes the financial information on the Corporation's mining resource exploration and evaluation activities:

	2015	2014
Total assets	**116,067**	122,654
Total liabilities	**36,669**	34,796
Operating expenses	**(15,451)**	(919)
Cash flows related to:		
Operating activities	**(1,174)**	(3,240)
Investing activities	**(9,061)**	(30,558)

24. BANK LOANS

As at March 31, 2015 and 2014, the Corporation had no bank loans. As at March 31, 2015, the Corporation had bank lines of credit, authorized but not used, totalling $285,784,000 ($253,182,000 as at March 31, 2014) and bearing interest at a prime rate of 2.85%, renewable annually. It also issued letters of credit totalling $52,612,000 as at March 31, 2015 ($52,510,000 as at March 31, 2014).

25. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
Trade accounts payable and accrued liabilities	**72,228**	73,576
Other	**4,786**	4,295
	77,014	77,871

26. LONG-TERM DEBT

	2015	2014
Non-interest bearing immigrant investor notes, maturing from April 2015 to March 2020, notional value of $4.8 billion (effective rates of 1.15% to 3.64%) (1)	**4,584,177**	4,564,313
Due to the Economic Development Fund, non-interest bearing and repayable no later than 2033 (effective rate of 8.40%)	**3,905**	3,602
Due to the Economic Development Fund, non-interest bearing and repayable no later than 2017 (effective rate of 9.20%)	**2,358**	2,159
Advances from the Government of Québec, non-interest bearing and repayable no later than from 2023 to 2024, notional value of $21.75 billion (effective rates of 2.16% to 3.17%)	**17,033**	–
Other	**411**	389
	4,607,884	4,570,463
Less current portion	**830,507**	838,841
	3,777,377	3,731,622

(1) Repayment of principal is guaranteed by the Government of Québec.

Contractual principal repayments on the long-term debt are as follows:

	2015	2014
Under 1 year	**841,781**	852,590
1 to 2 years	**872,113**	841,727
2 to 3 years	**1,155,858**	874,063
3 to 4 years	**1,117,652**	1,156,968
4 to 5 years	**826,418**	1,118,400
Over 5 years	**57,479**	4,002
	4,871,301	4,847,750

27. DEFERRED GRANTS

Balance as at April 1, 2013	**14,118**
Grants received during the year	351
Amortization for the year	(478)
Other	313
Balance as at March 31, 2014	**14,304**
Grants received during the year	**2**
Amortization for the year	**(478)**
Write-off	**(130)**
Other	**716**
Balance as at March 31, 2015	**14,414**

No conditions are attached to government grants received by certain subsidiaries of the Corporation for the acquisition of property, plant and equipment and intangible assets.

28. PROVISIONS

	Site restoration	Provision on commitments	Litigation and other	Total
Balance as at April 1, 2013	8,998	3,780	256	**13,034**
Provisions created	1,904	–	2	**1,906**
Provisions used	(1,031)	–	–	**(1,031)**
Provisions reversed	–	(335)	–	**(335)**
Impact of accretion	121	–	5	**126**
Balance as at March 31, 2014	**9,992**	**3,445**	**263**	**13,700**
Provisions created	589	–	(2)	**587**
Provisions used	(1,114)	–	–	**(1,114)**
Provisions reversed	–	(1,722)	–	**(1,722)**
Impact of accretion	400	–	4	**404**
Balance as at March 31, 2015	**9,867**	**1,723**	**265**	**11,855**
Balance as at March 31, 2014				
Current	1,300	–	–	**1,300**
Non-current	8,692	3,445	263	**12,400**
	9,992	**3,445**	**263**	**13,700**
Balance as at March 31, 2015				
Current	2,268	–	–	**2,268**
Non-current	7,599	1,723	265	**9,587**
	9,867	**1,723**	**265**	**11,855**

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Site restoration

Provisions taken for the retirement of capital assets stem mainly from the Corporation's obligation to decontaminate and replace assets used in production and to restore industrial sites such that they are compliant with applicable laws and regulations. The Corporation believes that the undiscounted payments that will be needed to fulfil its obligation over a period of 1 to 23 years, based on the useful lives of the assets to be replaced, amounted to $10,850,000 as at March 31, 2015 ($11,236,000 as at March 31, 2014). The undiscounted payments required to settle these obligations are as follows:

2016	**2,302**
2017	**1,077**
2018	**947**
2019	**3,940**
2020 and thereafter	**2,584**
	10,850

Cash flow discount rates are as follows:

2016	**1.39% – 3.50%**
2017	**1.39% – 3.90%**
2018	**1.39% – 4.00%**
2019	**1.39% – 3.95%**
2020 and thereafter	**1.39% – 4.11%**

29. GUARANTEES, NET OF THE GUARANTEE LIABILITY

	2015	2014
Guarantees		
Loan	**296,612**	357,951
Financial commitment	**119,850**	128,458
	416,462	486,409
Guarantee liability		
Unamortized balance of initial guarantee liability		
Loan guarantees	**(21,661)**	(30,836)
Financial commitment guarantees	**(6,222)**	(10,614)
	(27,883)	(41,450)
Allowance for losses (Note 17)		
Loan guarantees	**(36,604)**	(47,526)
Financial commitment guarantees	**(21,482)**	(21,961)
	(58,086)	(69,487)
Guarantee liability	**(85,969)**	(110,937)
Guarantee, net of the guarantee liability	**330,493**	375,472

Guarantee balances mature as follows:	2015	2014
Under 1 year	**149,690**	111,174
1 to 2 years	**37,605**	42,328
2 to 3 years	**40,414**	43,465
3 to 4 years	**38,720**	56,307
4 to 5 years	**37,350**	44,263
Over 5 years	**112,683**	188,872
	416,462	486,409

Guarantees denominated in U.S. dollars totalled $891,000 as at March 31, 2015 ($1,589,000 as at March 31, 2014), and the unamortized balance of the initial guarantee liability denominated in U.S. dollars totalled $16,000 ($100,000 as at March 31, 2014).

30. EMPLOYEE BENEFITS

Defined contribution plans

The Corporation's employees participate in the Government and Public Employees Retirement Plan (RREGOP), the Retirement Plan for Senior Officials (RPSO) or the Pension Plan of Management Personnel (PPMP). These pension plans are defined benefit plans and have retirement and death coverage. However, Investissement Québec's obligations under these government plans are limited to employer contributions and, accordingly, these plans are considered to be defined contribution plans for the purpose of these consolidated financial statements. The Corporation also offers its employees other pension plans with employer contributions based on a percentage of participating employees' salary.

The Corporation's contributions to defined contribution plans, recognized in net income, amounted to $5,334,000 as at March 31, 2015 ($4,975,000 as at March 31, 2014).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended March 31, 2015
(tabular amounts are in thousands of Canadian dollars, unless otherwise indicated)

Defined benefit plans

The Corporation offers contributory and non-contributory defined benefit pension plans to its employees based on years of service and average final earnings. The Corporation also offers other employee benefits, consisting mainly of group insurance plans that are not, however, funded. The Corporation expects to pay $1,921,000 in contributions ($2,893,000 as at March 31, 2014) to all these plans over the coming year.

The defined benefit plans are administered by pension funds that are legally separate from the Corporation. The boards of directors of the pension funds are composed of representatives of employers and employees (or former employees). The boards are required by law and by their articles of incorporation to act in the best interest of the funds and of all relevant stakeholders in the plans, i.e., active employees, inactive employees, retirees and employers. The boards of the pension funds are responsible for the investment policies applicable to fund assets.

The defined benefit plans expose the Corporation to actuarial risks such as investment risk, interest rate risk, and longevity risk.

Investment risk

The present value of the liability for the defined benefit plans is determined by reference to market yields on high quality corporate bonds; if the return on plan assets is below this rate, a deficit will be created. As at March 31, 2015, the plans had a balanced investment strategy in equity securities and debt instruments. Due to the long-term nature of the plans' liabilities, it is considered appropriate that a reasonable portion of the plans' assets should be invested in equity securities in order to maximize return.

Interest rate risk

A decrease in the bond interest rate will increase the liability of the plans; however, this will be partially offset by an increase in the plans' returns on debt securities.

Longevity risk

The present value of the defined benefit plans' liability is calculated using the best estimate of the mortality of plan participants both during and after employment. An increase in the life expectancy of plan participants will increase the liability of the plans.

	Pension plans	Other plans	2015
Defined benefit obligations			
Balance, beginning of year	92,925	9,799	**102,724**
Disposal [1]	(14,215)	–	**(14,215)**
Current service cost for the period	3,101	179	**3,280**
Participant contributions	807	–	**807**
Financial cost	4,163	443	**4,606**
Benefits paid	(2,221)	(220)	**(2,441)**
Remeasurements			
Actuarial gains and losses arising from changes in demographic assumptions	(741)	49	**(692)**
Actuarial gains and losses arising from changes in financial assumptions	11,774	1,378	**13,152**
Actuarial gains and losses arising from plan experience	(1,176)	83	**(1,093)**
Balance, end of year	94,417	11,711	**106,128**
Fair value of plan assets			
Balance, beginning of year	77,414	–	**77,414**
Disposal [1]	(14,371)	–	**(14,371)**
Interest income	3,225	–	**3,225**
Employer contributions	2,248	–	**2,248**
Participant contributions	807	–	**807**
Benefits paid	(2,221)	–	**(2,221)**
Return on plan assets, excluding amounts included in interest income	6,329	–	**6,329**
Other	(9)	–	**(9)**
Balance, end of year	73,422	–	**73,422**
Effect of the asset ceiling			
Balance, beginning of year	9,583	–	**9,583**
Remeasurement of the effect of limiting a net defined benefit asset to the asset ceiling	(2,308)	–	**(2,308)**
Interest on the effect of the asset ceiling	427	–	**427**
Balance, end of year	7,702	–	**7,702**

(1) During the year ended March 31, 2015, the Corporation purchased the annuities of a group of retirees. As a result of this buy-out, the annuities are paid by an insurance company. This eliminates all of the plan's future obligations to this group of beneficiaries. As at March 31, 2015, the disposal led to a decrease in defined benefit obligations of $14,215,000 (nil in 2014) and in the fair value of plan assets of $14,371,000 (nil as at March 31, 2014). A loss on disposal of $156,000 (nil in 2014) is included in the defined benefit pension expense related to this transaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended March 31, 2015
(tabular amounts are in thousands of Canadian dollars, unless otherwise indicated)

	Pension plans	Other plans	2014
Defined benefit obligations			
Balance, beginning of year	86,887	10,740	97,627
Current service cost for the period	3,263	424	3,687
Participant contributions	734	–	734
Financial cost	3,668	465	4,133
Benefits paid	(2,449)	(198)	(2,647)
Remeasurements			
Actuarial gains and losses arising from changes in demographic assumptions	5,511	875	6,386
Actuarial gains and losses arising from changes in financial assumptions	(4,667)	(1,408)	(6,075)
Actuarial gains and losses arising from plan experience	(556)	(13)	(569)
Past service cost	–	(1,068)	(1,068)
Other	534	(18)	516
Balance, end of year	92,925	9,799	102,724
Fair value of plan assets			
Balance, beginning of year	65,208	–	65,208
Interest income	2,404	–	2,404
Employer contributions	3,881	–	3,881
Participant contributions	734	–	734
Benefits paid	(2,449)	–	(2,449)
Return on plan assets, excluding amounts included in interest income	7,636	–	7,636
Balance, end of year	77,414	–	77,414
Effect of the asset ceiling			
Balance, beginning of year	2,400	–	2,400
Remeasurement of the effect of limiting a net defined benefit asset to the asset ceiling	7,082	–	7,082
Interest on the effect of the asset ceiling	101	–	101
Balance, end of year	9,583	–	9,583

	Pension plans	Other plans	2015
Defined benefit liability			
Defined benefit obligations			
Funded plans	(68,480)	–	**(68,480)**
Unfunded plans	(25,937)	(11,711)	**(37,648)**
Fair value of plan assets	73,422	–	**73,422**
Effect of the asset ceiling	(7,702)	–	**(7,702)**
	(28,697)	(11,711)	**(40,408)**

	Pension plans	Other plans	2014
Defined benefit liability			
Defined benefit obligations			
Funded plans	(69,609)	–	(69,609)
Unfunded plans	(23,316)	(9,799)	(33,115)
Fair value of plan assets	77,414	–	77,414
Effect of the asset ceiling	(9,583)	–	(9,583)
	(25,094)	(9,799)	(34,893)

The plans' assets consist of the following:

	2015	2014
Canadian equity funds	**26.7%**	30.9%
Foreign equity funds	**35.2%**	34.0%
Bond funds	**34.5%**	33.2%
Other	**3.6%**	1.9%
	100.0%	100.0%

The fair value of the shares and bonds is based on quoted prices in an active market.

The Corporation reviews the investment portfolios held by the plans as well as the funds' management performance each quarter. During the review, the Corporation ensures that the investments of the plans comply, in all material respects, with the target weightings set out in the plans' policies.

The reference portfolio target weightings set out in the plans' investment policies are as follows:

- Canadian equity, large capitalization 25.5%
- Canadian equity, small capitalization 5.0%
- Foreign equity 30.5%
- Canadian bonds – long-term 39.0%

The Corporation's risk management process has not changed from previous years.

The defined benefit pension plans' expense consists of the following:

			2015
	Pension plans	Other plans	Total
Current service cost	3,101	179	**3,280**
Net interest	1,365	443	**1,808**
Disposal	156	–	**156**
	4,622	622	**5,244**

			2014
	Pension plans	Other plans	Total
Current service cost	3,263	424	3,687
Net interest	1,365	465	1,830
Past service cost	–	(1,068)	(1,068)
Other	–	28	28
	4,628	(151)	4,477

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The defined benefit pension plans' expense was recognized in the following items of the Consolidated Statement of Income:

	2015	2014
Cost of sales	**1,314**	1,458
General expenses	**451**	429
Administrative expenses	**3,479**	2,590
	5,244	4,477

The following gains (losses) were recognized in other comprehensive income:

			2015
	Pension plans	Other plans	Total
Remeasurement of net defined benefit liability	(3,537)	(1,510)	**(5,047)**
Effect of the asset ceiling of the plans	2,308	-	**2,308**
	(1,229)	(1,510)	**(2,739)**

			2014
	Pension plans	Other plans	Total
Remeasurement of net defined benefit liability	7,348	546	7,894
Effect of the asset ceiling of the plans	(7,082)	-	(7,082)
	266	546	812

The weighted averages of the main actuarial assumptions were as follows:

	2015		2014	
	Pension plans	Other plans	Pension plans	Other plans
Discount rate	**3.63%**	**3.70%**	4.43%	4.48%
Rate of compensation increase	**3.06%**	**3.08%**	3.10%	3.14%
Rate of increase of healthcare costs	**n/a**	**4.71%**	n/a	4.82%

Assumptions regarding average longevity at retirement age are based on mortality tables. The average longevities at retirement age that underlie the values of the defined benefit plan liabilities are as follows:

	2015		2014	
	Pension plans	Other plans	Pension plans	Other plans
For current retirees				
Men	**24**	**23**	22	19
Women	**26**	**27**	25	24
For active members (future retirees)				
Men	**28**	**27**	28	27
Women	**27**	**30**	30	30

As at March 31, 2015, the average duration of the defined benefit obligation was 17 years (17 years as at March 31, 2014).

A change of 1%, or one year in the case of mortality, in one of the actuarial assumptions as at March 31, 2015, assuming all other variables remain unchanged and applying the same methodology as that used to establish the defined benefit obligation, would have the following impact on the defined benefit obligation:

				2015
	Pension plans		**Other plans**	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate	**(15,042)**	**19,798**	**(1,750)**	**2,245**
Rate of compensation increase	**3,344**	**(3,076)**	**25**	**(25)**
Rate of increase of healthcare costs	**n/a**	**n/a**	**1,953**	**(1,558)**
Mortality	**1,865**	**(1,658)**	**378**	**(366)**

				2014
	Pension plans		**Other plans**	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate	(13,180)	17,345	(1,433)	1,838
Rate of compensation increase	2,907	(2,644)	19	(19)
Rate of increase of healthcare costs	n/a	n/a	1,571	1,252
Mortality	1,545	(1,545)	297	289

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

31. OTHER LIABILITIES

	2015	**2014**
Deferred revenues	**5,266**	3,779
Commitment liability	**16**	82
Other	**735**	639
	6,017	4,500

32. SHARE CAPITAL

Authorized, par value of $1,000 per share:
4,000,000 common shares, voting, totalling $4 billion.

	2015	**2014**
Issued and fully paid:		
3,073,340 common shares	**3,073,340**	3,073,340

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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33. CAPITAL MANAGEMENT

The Corporation's capital management objectives are as follows:

- Have sufficient financial flexibility to support its portfolio of businesses and other investments;
- Contribute to the development of businesses in Québec through investments and financing.

In managing its capital, the Corporation considers the risk and liquidity characteristics of its investments and financing. To maintain or adjust its capital structure, the Corporation may issue new shares, issue or repay debts and acquire or sell assets to improve its flexibility and financial performance.

The Corporation's capital is made up of bank loans, if any, and long-term debt as well as its equity. The Corporation is not subject to any external capital requirement except, where applicable, for certain restrictive covenants of its subsidiaries' borrowings (see Note 24).

34. ADDITIONAL CASH FLOW INFORMATION

Changes in assets and liabilities related to operating activities are as follows:

	2015	2014
Accounts receivable	**(4,550)**	(4,519)
Inventories	**(6,129)**	1,409
Prepaid expenses	**(1,004)**	544
Accounts payable and accrued liabilities	**(1,168)**	7,171
	(12,851)	4,605

As at March 31, 2015, there was no property, plant and equipment included in accounts payable and accrued liabilities and long-term debt ($63,000 and $232,000, respectively, as at March 31, 2014).

35. CONTINGENCIES

Various judicial and extrajudicial proceedings instituted by or against the Corporation are pending. In the Corporation's opinion, the outcome of these proceedings will not have a significant impact on its financial position or results.

36. COMMITMENTS

A) OPERATING LEASES

The Corporation is committed, under non-cancellable operating leases, mainly to rent office space. These leases generally have terms of one to five years and a renewal option thereafter. Minimum lease payments are as follows:

	2015	2014
Under 1 year	**1,690**	1,680
1 to 5 years	**3,054**	2,909
	4,744	4,589

As at March 31, 2015, an amount of $8,178,000 ($6,907,000 as at March 31, 2014) was recognized for operating leases under "Administrative expenses" in net income.

B) FINANCING AND INVESTMENT COMMITMENTS

The Corporation's financing commitments, entered into in the normal course of business, are shown in the following table and are grouped into two categories. The first consists of financing agreements authorized by the Corporation that have not yet been accepted by clients. The second consists of financing agreements accepted by clients, i.e., amounts not disbursed on loans, shares and units; amounts for which disbursement has not been authorized for financial contributions; and amounts that have not yet been used for guarantees. In addition, under agreements with partners, the Corporation has made a commitment to invest, in the form of limited partnership units, in the FIER-Regions, in the mutual fund of FIER Partners, in the Support Funds and in other venture capital organizations.

The total value of these commitments does not necessarily represent the Corporation's future cash requirements, as several will expire or may be cancelled without resulting in a cash outflow.

Commitments are detailed as follows:

	2015	2014
Financing commitments		
Authorized agreements		
Loans	**36,364**	18,702
Guarantees	**6,822**	11,936
Financial contributions	**2,094**	1,930
	45,280	32,568
Agreements accepted by clients		
Loans [(1)(2)(3)]	**113,385**	229,828
Guarantees	**99,836**	125,774
Financial contributions	**118,710**	129,143
	331,931	484,745
Investment commitments		
Subscription of shares and contribution agreement	**334**	334
Units of limited partnerships		
FIER Partners, L.P.	**23,718**	28,406
Venture capital organizations	**125,956**	108,404
	150,008	137,144
	527,219	654,457

(1) Including an amount of $11,255,000 as at March 31, 2015 ($9,128,000 as at March 31, 2014) for which the fixed contractual interest rates range from 3.25% to 9.00% (3.49% to 12.80% as at March 31, 2014) with terms ranging from December 2015 to November 2037 (October 2014 to November 2037 as at March 31, 2014).

(2) Including an amount of $102,130,000 as at March 31, 2015 with variable interest rates ($120,700,000 as at March 31, 2014).

(3) Interest rates on all loan commitments were set as at March 31, 2015 (as at March 31, 2014, the interest rate on a commitment of $100,000,000 had not been set).

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C) LONG-TERM COMMITMENTS

Under non-cancellable contracts, the Corporation has made a commitment to acquire, over the coming years, property, plant and equipment totalling $18,024,000 as at March 31, 2015 ($15,746,000 as at March 31, 2014) and raw materials and other items totalling $13,805,000 as at March 31, 2015 ($12,915,000 as at March 31, 2014).

To guarantee its obligations under a joint operation agreement, the Corporation cross-collateralized, in favour of the partners, an obligation of $66,000,000 ($66,000,000 as at March 31, 2014) issued pursuant to a first trust deed on all of the joint operation's property.

D) SALES OF BUSINESSES

When a business is sold in whole or in part, in addition to any potential indemnification arising from the failure to perform covenants or from non-compliance with a declaration of guarantee, the Corporation may agree to provide a guarantee against any claim resulting from past activities. In general, the terms and conditions and amount of such indemnification are limited by the agreement. The Corporation did not recognize an amount in the Consolidated Statement of Financial Position for these sales because it is not probable that an outflow of resources will be required to settle the obligation and such amount cannot be reliably estimated.

E) OTHER COMMITMENTS

As at March 31, 2015, the Corporation has made a commitment to pay fees totalling $39,405,000 ($45,900,000 as at March 31, 2014) to financial intermediaries for canvassing immigrant investors, targeting companies for referral and closing immigrant investor files.

37. FINANCIAL INSTRUMENTS

A) CARRYING VALUE OF FINANCIAL INSTRUMENTS BY CATEGORY

Financial instruments are recognized in the Consolidated Statement of Financial Position at fair value or amortized cost depending on their classification. The carrying values of financial instruments, broken down by category, are as follows:

2015

	Classified as at fair value through profit or loss	Designated as at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Other financial liabilities	Total
Financial assets						
Cash and cash equivalents	–	30,454	–	272,470	–	302,924
Temporary investments	–	474	–	348,207	–	348,681
Accounts receivable	533	–	–	100,717	–	101,250
Guarantee fees receivable	–	–	–	15,222	–	15,222
Notes receivable from the Government of Québec	–	–	–	4,581,197	–	4,581,197
Loans	–	–	–	1,006,412	–	1,006,412
Investments	13,225	437,157	796,866	–	–	1,247,248
	13,758	468,085	796,866	6,324,225	–	7,602,934
Financial liabilities						
Bank overdrafts	–	–	–	–	39	39
Accounts payable and accrued liabilities	–	–	–	–	77,014	77,014
Long-term debt	–	–	–	–	4,607,884	4,607,884
Advances from the Government of Québec	–	–	–	–	506,317	506,317
Guarantee liability	–	–	–	–	85,969	85,969
Derivative financial instruments	41,072	–	–	–	–	41,072
	41,072	–	–	–	5,277,223	5,318,295

2014

	Classified as at fair value through profit or loss	Designated as at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Other financial liabilities	Total
Financial assets						
Cash and cash equivalents	–	16,793	–	89,428	–	106,221
Temporary investments	–	–	–	554,149	–	554,149
Accounts receivable	322	–	–	87,659	–	87,981
Guarantee fees receivable	–	–	–	22,711	–	22,711
Notes receivable from the Government of Québec	–	–	–	4,588,467	–	4,588,467
Loans	–	–	–	882,950	–	882,950
Investments	28,803	449,704	767,154	–	–	1,245,661
	29,125	466,497	767,154	6,225,364	–	7,488,140
Financial liabilities						
Bank overdrafts	–	–	–	–	535	535
Accounts payable and accrued liabilities	–	–	–	–	77,871	77,871
Long-term debt	–	–	–	–	4,570,463	4,570,463
Advances from the Government of Québec	–	–	–	–	481,317	481,317
Guarantee liability	–	–	–	–	110,937	110,937
Deriviative financial instruments	7,624	–	–	–	–	7,624
	7,624	–	–	–	5,241,123	5,248,747

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B) FAIR VALUE OF FINANCIAL INSTRUMENTS AND HIERARCHY OF FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value is an exit price, regardless of whether that price is directly observable or estimated using another valuation technique. Given the role that judgment plays in applying many acceptable valuation and estimation techniques for calculating fair value, these techniques are not necessarily comparable among different entities. Fair value is based on market conditions at a given point in time and therefore does not necessarily reflect the future fair value of the instruments. It should not be interpreted as a realizable amount if the instruments were to be settled immediately.

The fair value of a financial instrument on initial recognition is generally the transaction price and takes into account factors specific to the transaction and to the asset or liability. Thus the transaction price might not represent the fair value of an asset or a liability at initial recognition in certain cases.

The Corporation uses quoted market prices (bid/ask prices), when available, to determine the fair value of financial instruments. When markets are non-existent or considered not sufficiently liquid, the Corporation determines initial fair value using valuation techniques that rely, wherever possible, on observable market inputs. These valuation techniques consist particularly of discounted cash flow analysis, pricing models, and other valuation methods commonly used in the market.

When financial instruments accounted for at fair value are subsequently measured, quoted prices in an active market represent the best evidence of fair value, and when they are available, the Corporation uses them to measure financial instruments. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency. When there are several active markets, the Corporation determines the fair value of a financial instrument using the quoted price in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Moreover, the Corporation considers whether it can enter into a transaction for the asset or liability at the price in that market at the measurement date. The fair value of a financial asset traded in an active market generally reflects the bid price and that of a financial liability traded in an active market, the ask price. If the market for a financial instrument is not active, the Corporation establishes fair value using a valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Such valuation techniques include, among other things, using available information on recent market transactions, reference to the current fair value of a comparable financial instrument, discounted cash flow analysis and all other valuation techniques commonly used by market participants where it has been demonstrated that the technique provides reliable estimates.

In cases where fair value is determined using pricing models, the Corporation makes assumptions about the amount, the timing of estimated future cash flows and the estimated discount rates used. These assumptions are based mainly on observable factors in external markets such as risk-free yield curves, volatility factors and credit risk. For loans and receivables, pricing models are based on certain unobservable market assumptions such as the determination of future variable repayments. Replacing these assumptions with others could result in a different fair value.

The Corporation implemented an investment valuation policy. This policy sets out guidelines for analyzing new investments, reinvestments, realizations, annual valuations of portfolio investments or any other valuations required as part of the Corporation's activities. The policy ensures consistent application of generally accepted valuation principles and thus ensures that the fair value of these investments is established according to accepted standards in the valuation industry. While the policy primarily covers ongoing portfolio reviews, the same principles are used for new investments, reinvestments or timely valuations.

Application of the policy falls under the authority of the Risk Management and Credit Division, subject to the approval of the Financial Division.

The fair values of financial instruments are classified using a hierarchy that reflects the significance of the inputs used in the valuations. The hierarchy that applies when determining fair value requires the use of observable market inputs whenever they exist. A financial instrument whose fair value was measured using a significant unobservable input is classified in the lowest level of the hierarchy. The fair value hierarchy consists of the following levels:

- Level 1: Fair value is based on unadjusted quoted market prices observed in active markets for identical assets or liabilities.

- Level 2: Fair value relies on valuation techniques based on inputs consisting of quoted prices of similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, inputs other than quoted prices that are observable for the asset or liability or market-corroborated inputs.

- Level 3: Fair value relies on valuation techniques based on significant unobservable market inputs.

The Corporation recognizes transfers between levels of the fair value measurement hierarchy at the end of the fiscal year in which the change occurred.

No transfers between hierarchy levels took place during fiscal years 2015 and 2014.

The Corporation determined that the carrying values of cash and cash equivalents, accounts receivable, bank overdrafts, accounts payable and accrued liabilities, and advances from the Government of Québec approximated their fair values due to the short maturities of these instruments.

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The following table shows the carrying values and estimated fair values of the financial instruments that appear in the Consolidated Statement of Financial Position. Fair value is established using the valuation methods and assumptions described below and is classified according to the valuation hierarchy described on the previous page. The table does not provide information about the fair value of financial instruments not measured at fair value in the Statement of Financial Position when the carrying value is a reasonable approximation of fair value.

2015

	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Cash and cash equivalents designated as at fair value through profit or loss [1]	30,454	30,454	28,276	2,178	–
Temporary investments [2]	348,681	348,681	260	348,421	–
Accounts receivable classified as at fair value through profit or loss [1]	533	533	–	533	–
Guarantee fees receivable [3]	15,222	16,461	–	–	16,461
Notes receivable from the Government of Québec [4]	4,581,197	4,708,048	–	4,708,048	–
Loans [5]	1,006,412	1,045,386	–	–	1,045,386
Investments:					
ABTN [6]	29,500	29,500	–	29,500	–
Investments in venture capital organizations [7]	18,222	18,222	126	–	18,096
Investments in venture capital organizations of associates [7]	389,435	389,435	64	–	389,371
Derivative financial instruments [8]	13,225	13,225	–	294	12,931
Publicly traded shares [9]	487,947	487,947	487,947	–	–
Private company shares and units [10]	86,048	86,048	–	–	86,048
Bonds and other debt securities [11]	151,730	151,730	6,159	145,571	–
Liquidation trust units [6]	71,141	71,141	–	71,141	–
	7,229,747	7,396,811	522,832	5,305,686	1,568,293
Financial liabilities					
Long-term debt [12]	4,607,884	4,742,561	–	4,742,561	–
Guarantee liability [13]	85,969	76,274	–	–	76,274
Derivative financial instruments [8]	41,072	41,072	–	41,072	–
	4,734,925	4,859,907	–	4,783,633	76,274

2014

	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Cash and cash equivalents designated as at fair value through profit or loss [1]	16,793	16,793	15,805	988	–
Temporary investments [2]	554,149	554,149	–	554,149	–
Accounts receivable classified as at fair value through profit or loss [1]	322	322	–	322	–
Guarantee fees receivable [3]	22,711	24,848	–	–	24,848
Notes receivable from the Government of Québec [4]	4,588,467	4,651,348	–	4,651,348	–
Loans [5]	882,950	928,410	–	–	928,410
Investments:					
ABTN [6]	94,369	94,369	–	94,369	–
Investments in venture capital organizations [7]	9,241	9,241	25	–	9,216
Investments in venture capital organizations of associates [7]	346,094	346,094	1,415	29	344,650
Derivative financial instruments [8]	28,803	28,803	419	–	28,384
Publicly traded shares [9]	608,088	608,088	608,088	–	–
Private company shares and units [10]	16,302	16,302	–	–	16,302
Bonds and other debt securities [11]	142,764	142,764	7,989	134,775	–
	7,311,053	7,421,531	633,741	5,435,980	1,351,810
Financial liabilities					
Long-term debt [12]	4,570,463	4,638,757	–	4,638,757	–
Guarantee liability [13]	110,937	94,453	–	–	94,453
Derivative financial instruments [8]	7,624	7,624	–	7,624	–
	4,689,024	4,740,834	–	4,646,381	94,453

The fair value of financial instruments presented in the above table was estimated based on the following methods and inputs:

(1) When these financial instruments are traded in an active market, fair value is the price in the principal market or, in the absence of such a market, the most advantageous market. When the fair value of the instrument is not available in an observable active market, fair value is established by using quoted prices of similar instruments in active markets.

(2) The fair value of temporary investments with maturities exceeding three months from the acquisition date is determined using secondary market prices, established as the bid price at the reporting date.

(3) The fair value of guarantee fees receivable is estimated by discounting cash flows at prevailing market interest rates for new receivables with substantially similar terms. For impaired receivables, fair value is deemed to be equivalent to carrying value, in accordance with the valuation methods described in the "Guarantees" heading of Note 4C).

(4) The fair value of the notes receivable from the Government of Québec is measured by discounting cash flows using prevailing market interest rates for new notes with substantially similar terms.

(5) The fair value of loans is estimated by discounting cash flows using prevailing market interest rates for new loans with substantially similar terms. For impaired loans, fair value is deemed to be equivalent to carrying value, in accordance with the valuation methods described in the "Loans" heading of Note 4C).

(6) The methods and assumptions used to measure the fair value of ABTNs and liquidation trust units are described in Note 18.

(7) The fair value of investments held by venture capital organizations is measured using the adjusted net asset method based on the fair value of the units held in the underlying funds, as established by those funds in their audited financial statements. Management reviews the documentation obtained from the funds and considers the fair value measurement date of the units obtained and the conditions related to the contractual agreements with its partners, if applicable. If necessary, the fair value of the units is adjusted to reflect the best estimate of the investment's fair value.

(8) The fair value of derivative instruments quoted in an active market is determined using reported bid prices. When evaluation based on observable market inputs is not possible, the fair value of the derivative instrument is estimated using a binomial model that considers outflow probabilities, the Black-Scholes valuation model or the difference between the value of the hybrid instrument and the value of the instrument's other components. Fair value can also be estimated using valuation techniques based on observable market inputs, in particular current market prices, the contractual prices of the underlying instruments and interest rate yield curves.

(9) The fair value of investments listed in an active market is determined using reported bid prices.

(10) The fair value of investments that are not quoted in an active market is established using practices and methods in accordance with the standards of recognized Canadian organizations. The main valuation methods used include the discounting of cash flows as well as the earnings multiples method of comparable public corporations. The main parameters of these methods include expected cash flows, discount rate, discounts for lack of marketability, EBITDA multipliers and other earnings ratios by industry.

(11) The fair value of bonds and other debt securities is determined using secondary market prices, established as the bid price at the reporting date.

(12) The fair value of long-term debt is determined by discounting cash flows using prevailing market interest rates for debts with similar terms and risks.

(13) The fair value of the guarantee liability is estimated by discounting cash flows at prevailing market interest rates for new guarantees with substantially similar terms. For guarantees in the case of insolvent companies or where insolvency seems likely in the short term, fair value is equal to the guarantee liability, in accordance with the valuation methods described in the "Guarantees" heading of Note 4C).

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C) CHANGE IN THE FAIR VALUE OF FINANCIAL INSTRUMENTS RECOGNIZED AT FAIR VALUE AND CLASSIFIED IN LEVEL 3

The change in fair value of financial instruments recorded at fair value in the Statement of Financial Position and classified in Level 3 was as follows:

	Private company shares	Derivative financial instruments	Investments in venture capital organizations	Total
Balance as at April 1, 2013	57,627	8,264	310,944	**376,835**
Gain (loss) recognized in net income	(24)	9,096	1,569	**10,641**
Loss recognized in comprehensive income	(2,461)	–	–	**(2,461)**
Acquisitions	6,650	11,123	80,901	**98,674**
Disposals	(45,490)	(99)	(130)	**(45,719)**
Distributions	–	–	(39,418)	**(39,418)**
Balance as at March 31, 2014	**16,302**	**28,384**	**353,866**	**398,552**
Gain (loss) recognized in net income	(9,983)	(8,669)	6,642	**(12,010)**
Loss recognized in comprehensive income	2,121	–	–	**2,121**
Acquisitions	100,738	–	90,011	**190,749**
Disposals	(23,130)	(6,784)	(30,635)	**(60,549)**
Distributions	–	–	(12,417)	**(12,417)**
Balance as at March 31, 2015	**86,048**	**12,931**	**407,467**	**506,446**

Net unrealized losses recognized in net income and charged to the Corporation's Level 3 financial instruments totalled $12,010,000 as at March 31, 2015 (net unrealized gains of $10,641,000 as at March 31, 2014). As at March 31, 2015, net losses of $467,000 (net gains of $10,665,000 as at March 31, 2014) were reported under "Net change in investments at fair value through profit or loss," net losses of $9,983,000 ($24,000 as at March 31, 2014) were reported under "Net impairment losses on investments" and net losses of $1,560,000 (nil as at March 31, 2014) were reported in net income under "Other financial expenses."

D) SENSITIVITY OF FINANCIAL ASSETS MEASURED AT FAIR VALUE AND CLASSIFIED IN LEVEL 3

i) Private company shares

The fair value measurement of private company participating shares is primarily based on the comparable public company earnings multiples method. The Corporation determines comparable companies according to industry, size, financial position and strategy, and calculates an appropriate multiple for each of the comparable public companies identified. This technique uses observable and unobservable inputs such as multiples of earnings before interest, taxes, depreciation and amortization (EBITDA).

The fair value measurement of private company non-participating shares is primarily based on the discounted cash flow method. This valuation technique uses observable and unobservable inputs such as discount rates that take into account the risk associated with the investment as well as future cash flows.

The Corporation may also use information about recent market transactions for valuing investments in private company shares. When fair value is determined based on recent transaction information, this value represents the most appropriate indication of fair value. Consequently, the Corporation did not conduct a sensitivity analysis.

The following analysis shows the sensitivity of valuations to EBITDA multiples and discount rates according to the valuation method used for investments in private company shares.

	Carrying amount of private company shares	1% increase	1% decrease
Impact of the change in fair value on net income:			
Following a change in the EBITDA multiple	**18,736**	**1,158**	**(1,129)**
Following a change in the discount rate	**67,312**	**(3,612)**	**3,881**

ii) Derivative financial instruments
The fair value of Level 3 derivative financial instruments is measured using the Black-Scholes model as well as discounted cash flow models.

For purposes of applying the Black-Scholes model, expected volatility is estimated based on the volatility of an instrument's underlying shares, derived from the shares' historical prices.

As at March 31, 2015, changing one or more unobservable inputs (discount rate or volatility) to reflect reasonably possible alternative assumptions would not significantly change the fair value of the derivative financial instruments.

iii) Investments in venture capital organizations
Although not usually traded on a stock market, investments in venture capital organizations expose the Corporation to market risk. The fair value of these investments may fluctuate over time due to, among other things, economic conditions and to the cash flows of businesses in which the Corporation has invested.

Fair value sensitivity was measured using historical changes in fair value.

	3% increase	3% decrease
Impact of the change in fair value on net income	**12,224**	**(12,224)**

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38. RISK MANAGEMENT RELATED TO FINANCIAL INSTRUMENTS

In the normal course of business, the Corporation is exposed to a variety of risks, in particular credit risk, liquidity risk and market risk arising from changes in foreign exchange rates, changes in interest rates and market fluctuations. The strategies, policies and processes used to manage and control risk across the organization help to manage the risk-return trade-off within the limits set by the Corporation.

The Corporation manages these risk exposures on an ongoing basis. To mitigate the impact of exchange rate, interest rate and commodity price fluctuations on its income and financial position, the Corporation may use various derivative financial instruments. The Corporation is responsible for determining acceptable risk levels and uses derivative financial instruments only for purposes of managing its risks and existing or expected commitments or obligations, based on its past experience.

A) CREDIT RISK

Credit risk is the risk that the Corporation could experience a loss as a result of a third party being unable to meet its financial commitments. The Corporation is exposed to credit risk primarily through its lending and financial guarantee operations, its loan and financial guarantee commitments, and its investing activities. The Corporation's main credit risks stem from its cash and cash equivalents, temporary investments, accounts receivable, investments such as ABTNs, liquidation trust units and certain investments in venture capital organizations, loans and notes receivable from the Government of Québec.

i) Concentration of credit risk

Significant concentration of credit risk is the probability of a significant portion of outstanding investments being confined to a subset of the Corporation's portfolio. Such concentration could expose the Corporation to difficulties experienced by a corporate client, an industry, a specific region or a given financial product. The Corporation has set up a reporting system to monitor the portfolio's overall profile and determine how investments are distributed by industry. Overall, the investment portfolio is within the maximum limits for credit risk exposure set by the Corporation. Management believes that the risk of credit concentration does not significantly impact the Corporation.

ii) Maximum exposure to credit risk

The maximum exposure to credit risk, without taking into account any guarantee held or other credit enhancements, is as follows:

	2015	2014
In the Consolidated Statement of Financial Position		
Cash and cash equivalents	**302,924**	106,221
Temporary investments	**348,681**	554,149
Accounts receivable	**101,250**	87,981
Guarantee fees receivable	**15,222**	22,711
Notes receivable from the Government of Québec	**4,581,197**	4,588,467
Loans	**1,006,412**	882,950
Investments (1)	**653,679**	584,454
	7,009,365	6,826,933
Off-balance-sheet		
Guarantees	**330,494**	375,472
Loan commitments – Agreements accepted by clients	**233,385**	229,828
Guarantee commitments – Agreements accepted by clients	**99,836**	125,774
Investment commitments	**149,674**	169,775
	813,389	900,849
	7,822,754	7,727,782

(1) Includes ABTNs, liquidation trust units, investments in venture capital organizations, investments in venture capital organizations of associates and joint ventures, and bonds and other debt securities, excluding quoted securities classified in Level 1 of the fair value measurement hierarchy.

Cash and cash equivalents
Cash and cash equivalents consists mainly of temporary liquid deposits as well as short-term securities issued or guaranteed by the Government of Canada, Canadian provinces, a Québec municipality or a Canadian financial institution. The maximum credit risk exposure to cash and cash equivalents corresponds to its carrying amount. The Corporation mitigates the credit risk related to these financial instruments by complying with its temporary investment policy, which describes the parameters and limits for credit concentration risk.

Accounts receivable
To reduce its risk related to accounts receivable, the Corporation regularly evaluates the financial position of its clients and examines each new client's credit history. The Corporation holds no assets as collateral on accounts receivable. Given the diversity of its clients and their business sectors, the Corporation believes that the credit concentration risk for accounts receivable is negligible. It establishes the provision for doubtful accounts based on the specific credit risk and historical trends of clients. It records an impairment for accounts receivable only if recovery is not reasonably certain.

The aging of trade accounts receivable as at March 31 was as follows:

	2015	**2014**
Current	**66,277**	58,089
1 to 60 days past due	**1,722**	1,089
61 to 90 days past due	**200**	75
Over 90 days past due	**3,186**	2,404
	71,385	61,657
Less the allowance for credit losses	**3,211**	4,284
	68,174	57,373

Changes to the allowance account for credit losses are as follows:

	2015	**2014**
Balance, beginning of year	**4,284**	6,808
Reversal recognized in net income	**(1,073)**	(2,524)
Balance, end of year	**3,211**	4,284

The Corporation does not believe that it is exposed to a significant level of credit risk with respect to its clients. As at March 31, 2015, 39% (43% as at March 31, 2014) of trade accounts receivable were guaranteed by an insurer.

Loans and guarantees
Decisions to grant credit are based primarily on the results of the risk assessment. In addition to the client's solvency, decisions are based on factors such as available guarantees and whether the transaction is compliant with the Corporation's policies, standards and procedures. Every decision to grant credit stems from different authorities within the Corporation, depending on the size and degree of risk of the credit operation.

Financing operations are systematically monitored. This involves obtaining and analyzing the annual financial statements of each company, producing an annual report that details changes in the situation of each company, periodically reviewing the credit risk rating and updating the value of the collateral in order to determine the provision for losses.

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To do so, the Corporation uses a system to rate companies according to the financial risk they represent. The system makes an initial risk assessment and matches pricing to risk level. In addition, it makes it easier to follow up on financing operations and enables the monitoring of companies in difficulty. Loans are classified based on client credit risk, according to the Corporation's rating system, as follows:

Client credit risk	2015	2014
Low	**251,944**	236,799
Medium	**686,856**	598,178
High	**67,612**	47,973
Total loans	**1,006,412**	882,950

The Corporation holds collateral and suretyships for loans and guarantees such that its maximum exposure to credit risk is as follows:

	2015	2014
Loans	**1,006,412**	882,950
Collateral and suretyships	**(399,230)**	(298,497)
Maximum exposure to credit risk	**607,182**	584,453
Guarantees	**330,494**	375,472
Collateral and suretyships	**(155,585)**	(162,886)
Maximum exposure to credit risk	**174,909**	212,586

Investments

The Corporation regularly evaluates its counterparties' credit rating. It mitigates the credit risk related to its financial instruments by complying with its investment policies, which set the parameters and limits for credit concentration risk.

B) LIQUIDITY RISK

Liquidity risk is associated with the Corporation's ability to obtain the funds needed to honour its financial commitments. Liquidity risk also stems from difficulties the Corporation might experience in liquidating, where appropriate, certain assets acquired in the normal course of business.

The Corporation prepares cash flow forecasts to ensure that it has the necessary funds to meet its obligations. The Corporation considers that the cash flows generated by operating activities and available sources of financing should be sufficient to meet its obligations as they become due.

Accordingly, the Corporation ensures that the largest cash inflows are matched with cash outflows. It maintains a range of sources of financing, including borrowing agreements with financial institutions.

The following table shows the contractual maturities of financial liabilities and off-balance-sheet obligations. The amounts shown reflect both principal and interest, where applicable.

2015

	Under 1 year	1 to 3 years	4 to 5 years	Over 5 years	No fixed maturity	Total
Financial instruments in the Statement of Financial Position						
Bank overdrafts	**39**	–	–	–	–	**39**
Accounts payable and accrued liabilities	**77,014**	–	–	–	–	**77,014**
Advances from the Government of Québec	**506,317**	–	–	–	–	**506,317**
Long-term debt	**841,781**	**2,027,971**	**1,944,070**	**57,479**	–	**4,871,301**
Guarantee liability [1]	–	–	–	–	**85,969**	**85,969**
Derivative financial instruments	**12,998**	**28,704**	–	–	–	**41,702**
Other liabilities [1]	–	–	–	–	**735**	**735**
	1,438,149	**2,056,675**	**1,944,070**	**57,479**	**86,704**	**5,583,077**
Off-balance-sheet obligations						
Commitments [2]	**244,246**	**270,207**	**60,561**	**34,166**	**229,908**	**839,088**
Guarantees [1]	–	–	–	–	**330,493**	**330,493**
	244,246	**270,207**	**60,561**	**34,166**	**560,401**	**1,169,581**
	1,682,395	**2,326,882**	**2,004,631**	**91,645**	**647,105**	**6,752,658**

2014

	Under 1 year	1 to 3 years	4 to 5 years	Over 5 years	No fixed maturity	Total
Financial instruments in the Statement of Financial Position						
Bank overdrafts	535	–	–	–	–	535
Accounts payable and accrued liabilities	77,871	–	–	–	–	77,871
Advances from the Government of Québec	481,317	–	–	–	–	481,317
Long-term debt	852,590	1,715,790	2,275,368	4,002	–	4,847,750
Guarantee liability [1]	–	–	–	–	110,937	110,937
Derivative financial instruments	933	6,801	–	–	–	7,734
Other liabilities	–	–	640	–	–	640
	1,413,246	1,722,591	2,276,008	4,002	110,937	5,526,784
Off-balance-sheet obligations						
Commitments [2]	370,709	99,951	53,906	1,356	235,393	761,315
Guarantees [1]	–	–	–	–	375,472	375,472
	370,709	99,951	53,906	1,356	610,865	1,136,787
	1,783,955	1,822,542	2,329,914	5,358	721,802	6,663,571

(1) The amounts related to these liabilities and off-balance-sheet obligations do not have specific maturities and may be disbursed at any time.

(2) As at March 31, 2015, commitments included $527,218,000 in financing and investment commitments, $31,829,000 in long-term commitments, $44,149,000 in other commitments and a $235,892,000 share in the capital commitments of associates.

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C) MARKET RISK

Market risk is the risk that changes in market prices, such as interest rates, exchange rates, and stock market and commodity prices will affect the value of the financial instruments held by the Corporation. The objective in managing market risk is to manage and keep market risk exposures within acceptable parameters while optimizing returns.

i) Market risk assessment

Because its investments are classified as available for sale and its financial assets are classified or designated as at fair value through profit or loss, the Corporation is exposed to fluctuations in interest rates, exchange rates and market prices. Market risk is managed through an investment policy, which sets limitations aimed at maximizing portfolio diversification.

To quantify this risk, the Value-at-Risk (VaR) simulation model is a market risk management tool commonly used in the financial sector. VaR is the maximum value of potential losses over a specific time horizon, measured at a set confidence level. The following VaR results simulate potential losses using daily market inputs from the past two years. The confidence level was 99% with a one-day time horizon.

VaR is established for financial assets that are quoted in a market. The assets covered by this market risk assessment amounted to $640,006,000 as at March 31, 2015 ($765,625,000 as at March 31, 2014).

As at March 31, VaR was as follows:

	2015	2014
Interest rates	**(316)**	(323)
Exchange rates	**(1,151)**	(1,918)
Quoted market prices [1]	**(6,107)**	(15,810)
Diversification [2]	**1,527**	2,280
	(6,047)	(15,771)

(1) Assets in a fair value hedge are excluded from the assets covered by the VaR model.

(2) Diversification is the difference between the sum of the VaRs of the various market risks and total VaR, given that the three types of risk are not perfectly correlated.

The Corporation uses forward contracts to manage its exposure to fluctuations in the market prices of certain securities. As at March 31, 2015, forward contracts had a fair value of $22,384,000 (nil as at March 31, 2014). During the year ended March 31, 2015, losses of $22,273,000 on forward contracts designated as hedges, net of gains of $19,969,000 on hedged equity securities attributable to market risk, were recognized under “Net change in investments at fair value through profit or loss.”

ii) Structural interest rate risk

Changes in interest rates cause a fluctuation in the income that is generated mainly by cash and cash equivalents, temporary investments, ABTNs, liquidation trust units, variable-rate loans and the Corporation’s investments as well as the interest expense on some of its borrowings. The impact of this fluctuation for the Corporation depends on several factors, including differences in the maturity dates or remeasurement dates of Consolidated Statement of Financial Position items and off-balance-sheet items.

The table on the following page shows how an immediate and sustained 100-basis-point increase or decrease in the interest rate, assuming that no further hedging is undertaken, would potentially impact net income. The amounts shown do not include the impact of the provision expense for losses. As at March 31, 2015, net assets exposed to risk totalled $1,545,796,000 ($1,127,061,000 as at March 31, 2014).

Interest rate sensitivity as at March 31 was as follows:

	2015	2014
100-basis-point increase in interest rate		
Impact on net income	**15,458**	11,270
100-basis-point decrease in interest rate		
Impact on net income	**(15,458)**	(11,270)

iii) Foreign exchange risk

The Corporation is exposed to foreign exchange risk on its sales, purchases and investments denominated in currencies other than its functional currency, the Canadian dollar, and the functional currency of one of its subsidiaries, the U.S. dollar. The Corporation's exposure to foreign exchange risk is as follows:

			2015
	CAD	USD	EUR
Financial assets			
Cash and cash equivalents	**1,799**	**1,684**	**239**
Accounts receivable	**599**	**1,417**	**–**
Guarantee fees receivable	**–**	**12**	**–**
Available-for-sale debt securities	**–**	**265**	**–**
Loans and receivables	**–**	**248,356**	**–**
Investments at fair value through profit or loss	**–**	**3,767**	**–**
ABTN	**–**	**28,070**	**–**
Assets held for sale	**–**	**112,013**	**–**
	2,398	**395,584**	**239**
Financial liabilities			
Accounts payable and accrued liabilities	**2,245**	**120**	**2**
Long-term debt	**6,263**	**–**	**–**
Derivative financial instruments	**10,906**	**81**	**–**
Net exposure	**(17,016)**	**395,383**	**237**

			2014
	CAD	USD	EUR
Financial assets			
Cash and cash equivalents	193	1,482	10
Accounts receivable	491	1,228	–
Interest receivable on loans	–	102	–
Guarantee fees receivable	–	87	–
Available-for-sale debt securities	–	475	–
Loans and receivables	–	235,153	–
Investments at fair value through profit or loss	–	9,094	–
ABTN	–	22,858	–
	684	270,479	10
Financial liabilities			
Accounts payable and accrued liabilities	1,933	480	217
Long-term debt	5,761	–	–
Derivative financial instruments	7,066	244	–
Net exposure	(14,076)	269,755	(207)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2015
(tabular amounts are in thousands of Canadian dollars, unless otherwise indicated)

The foreign exchange rate sensitivity is the net amount of foreign exchange rate exposure of the items at the reporting date, less foreign currency hedges. As at March 31, if the Canadian dollar had strengthened or weakened by two standard deviations against the U.S. dollar and the euro based on the past two years' historical exchange rates, all other variables remaining constant, the impact would have been:

	2015	2014
Increase by two standard deviations in the value of the Canadian dollar [1]		
Impact on net income	**(42,229)**	(10,191)
Impact on comprehensive income	**(19,336)**	(16,002)
Decrease by two standard deviations in the value of the Canadian dollar [1]		
Impact on net income	**42,229**	10,191
Impact on comprehensive income	**19,336**	16,002

(1) As at March 31, 2015, a two-standard-deviation change in the value of the Canadian dollar against the U.S. dollar represented a change of 0.14% (0.13% as at March 31, 2014) and a two-standard-deviation change in the value of the Canadian dollar against the euro represented a change of 0.14% (0.14% as at March 31, 2014).

The Corporation uses forward contracts to manage its exposure to fluctuating exchange rates related to receipts, in U.S. dollars and euros, of dividends, interest and principal on loans totalling $86,118,000. As at March 31, 2015, these forward contracts provided for the sale of US$82,954,000 (US$92,263,000 as at March 31, 2014). Their maturities ranged from 1 to 29 months at US$/C$ rates of 1.0096 to 1.0488.

The Corporation designated certain of these forward contracts as cash flow hedging instruments providing for the sale of US$23,065,000, of which US$1,226,000, US$1,226,000 and US$20,613,000 will be sold during the years ending March 31, 2016, 2017 and 2018, respectively. These forward contracts hedge the Corporation's exposure to the impact of exchange rate fluctuations related to interest and principal payments in U.S. dollars of loans totalling $23,191,000. As at March 31, 2015, the fair value of forward contracts designated as cash flow hedges totalled ($4,940,000). An ineffectiveness of $7,000 was recorded in net income relative to these hedging relationships.

iv) Commodity price risk
A subsidiary of the Corporation is exposed to fluctuations in the market price of aluminum. The Corporation has a commodity price risk management policy to reduce the impact of aluminum price fluctuations on its results, pursuant to which it has entered into forward contracts. These contracts are used solely for hedging purposes.

As at March 31, 2015, the Corporation agreed to sell 17,025 tons of aluminum (nil as at March 31, 2014) at a price ranging from US$1,780 to US$1,846 per ton pursuant to forward contracts that expire from April 2015 to February 2016.

39. RELATED PARTIES

The Corporation, which is controlled exclusively by the Government of Québec, is a related party to all the ministries and special funds as well as to all agencies and corporations that are controlled directly or indirectly by the Government of Québec or are subject to either joint control or significant common influence by the Government of Québec. All related party transactions are accounted for on the same basis as though they had been carried out with unrelated parties.

As at March 31, 2015, a subsidiary of the Corporation recognized an amount of $186,407,000 ($167,783,000 as at March 31, 2014) as revenue from the Government of Québec for managing the Forestry Job Creation Program, the Silvicultural Investment Program, and the Community Adjustment Fund, including an amount receivable of $6,198,000 ($10,971,000 as at March 31, 2014). These amounts, including amounts collected from agencies for private forest development, if any (nil as at March 31, 2015 and $6,915,000 as at March 31, 2014), are reported, net of Program expenses, in net income. Except for transactions disclosed separately in the consolidated financial statements, the Corporation did not carry out any other significant transactions with these related parties, either individually or collectively.

A) AMOUNTS RECOVERABLE FROM THE GOVERNMENT OF QUÉBEC

Under the *Act respecting Investissement Québec*, as of April 1, 2011, losses and shortfalls from certain programs that existed prior to the amalgamation and that were transferred to the Corporation are obligations of the Corporation. At that date, these programs continued to apply to all financial assistance granted under these programs until the assistance expires. Any losses and shortfalls that may result from the financial assistance granted in accordance with these programs are compensated in part by the Government of Québec. Losses and shortfalls were measured at the amalgamation date. This measurement may be revised until March 31, 2016, when the government establishes the Corporation's remuneration. As at March 31, 2015, the amount recoverable from the Government of Québec was $19,911,000 ($30,137,000 as at March 31, 2014).

B) ADVANCES FROM THE GOVERNMENT OF QUÉBEC

Investments of the IQ FIER inc. subsidiary as well as investments in certain funds are financed by advances from the Minister of Finance pursuant to decrees. These advances do not bear interest. As at March 31, 2015, the balance of advances without repayment terms totalled $523,350,000 ($481,137,000 as at March 31, 2014). As at March 31, 2015, advances with maturity dates ranging from June 2023 to September 2024 totalled $17,033 000 (nil as at March 31, 2014).

C) KEY MANAGEMENT PERSONNEL

The Corporation is also related to its key management personnel, which include Board of Director members and senior managers. Their compensation is as follows:

	2015	**2014**
Short-term employee benefits	**3,125**	4,939
Other post-employment benefits	**876**	1,017
	4,001	5,956

40. SUBSEQUENT EVENTS

A) On April 29, 2015, pursuant to decree 371-2015, the Corporation's borrowing plan was renewed until April 30, 2018, allowing it to obtain short-term borrowings, or lines of credit, from financial institutions or the Minister of Finance, or long-term borrowings from the Minister of Finance, for an amount not to exceed $380,000,000 (previously: $300,000,000).

B) On April 10, 2015, the Corporation granted a loan of up to $100,000,000 to a mining company for a period of five years as of the date of disbursement. Of this amount, $60,000,000 was disbursed on the closing date of the loan agreement. The second tranche of $40,000,000 is available for a period of one year following the closing date of the loan agreement. The loan bears interest at a variable rate.

Investissement Québec is proud to present five of its employees on the cover of this annual report: (above, on the right) Keith Hanna, Legal Affairs Department, and Sylvie Lagueux, Material Resources Department; (below, on the left) Celina Machado, Communications Department; Christopher Yee, Business Immigration Department; and Michelle Exantus, Southwest Québec Regional Department.

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