



***Fourth Quarter 2015
Report to Shareholders***

***For the Three Months and Year Ended August 31, 2015
(Unaudited)***

CORUS ENTERTAINMENT INC.
Fourth Quarter Report to Shareholders

TABLE OF CONTENTS

<i>Highlights</i>	3
<i>Significant Events in the Quarter</i>	4
<i>Significant Events Subsequent to the Quarter</i>	4
<i>Management's Discussion and Analysis</i>	6
<i>Overview of Consolidated Results</i>	7
<i>Television</i>	11
<i>Radio</i>	12
<i>Corporate</i>	13
<i>Quarterly Consolidated Financial Information</i>	13
<i>Risks and Uncertainties</i>	15
<i>2015 Financial Guidance</i>	16
<i>Financial Position</i>	16
<i>Liquidity and Capital Resources</i>	18
<i>Outstanding Share Data</i>	20
<i>Changes in Internal Control Over Financial Reporting</i>	20
<i>Key Performance Indicators</i>	20
<i>Impact of New Accounting Policies</i>	22
<i>Consolidated Financial Statements and Notes</i>	23

CORUS ENTERTAINMENT INC.
Fourth Quarter Report to Shareholders

Highlights

Financial Highlights

(These highlights are derived from the unaudited consolidated financial statements)

(in thousands of Canadian dollars except per share amounts)	Three months ended August 31,		Year ended August 31,	
	2015	2014	2015	2014
Revenues				
Television	154,338	159,809	653,770	660,424
Radio	39,261	41,748	161,545	172,592
	193,599	201,557	815,315	833,016
Segment profit ⁽¹⁾				
Television	52,575	57,036	260,129	273,273
Radio	8,503	9,502	37,007	45,487
Corporate	(5,585)	(8,189)	(19,949)	(29,122)
	55,493	58,349	277,187	289,638
Net income (loss) attributable to shareholders	17,835	23,727	(25,154)	150,408
Adjusted net income attributable to shareholders ^{(1) (2)}	23,967	26,785	135,922	150,344
Basic earnings (loss) per share	\$ 0.21	\$ 0.28	\$ (0.29)	\$ 1.77
Adjusted basic earnings per share ^{(1) (2)}	\$ 0.28	\$ 0.31	\$ 1.57	\$ 1.77
Diluted earnings (loss) per share	\$ 0.21	\$ 0.28	\$ (0.29)	\$ 1.76
Free cash flow⁽¹⁾	45,170	(7,164)	201,213	175,276

⁽¹⁾ Adjusted net income (loss) attributable to shareholders, adjusted basic earnings per share, segment profit, and free cash flow do not have standardized meanings prescribed by IFRS. The Company reports on segment profit and free cash flow because they are key measures used to evaluate performance. For definitions and explanations, see discussion under the Key Performance Indicators section of the 2015 Report to Shareholders.

⁽²⁾ For the three months ended August 31, 2015, excludes business acquisition, integration and restructuring charges of \$8.3 million (\$0.07 per share). For the year ended August 31, 2015, excludes radio broadcast license and goodwill impairment charges of \$130.0 million (\$1.44 per share), intangible impairment charges of \$51.8 million (\$0.44 per share), business acquisition, integration and restructuring charges of \$19.0 million (\$0.15 per share), offset by a gain on distribution of investment of \$17.0 million (\$0.17 per share). For the three months ended August 31, 2014, excludes business acquisition, integration and restructuring costs of \$5.6 million (\$0.04 per share) and investment impairment recovery of \$1.0 million (\$0.01 per share). For the year ended August 31, 2014, excludes the impact of a \$127.9 million (\$1.51 per share) gain on remeasurement to fair value of the Company's 50% interest in TELETOON which was held prior to consolidation on September 1, 2013, radio broadcast license and goodwill impairment charges of \$83.0 million (\$0.92 per share), capital asset impairment charges of \$1.2 million (\$0.01 per share), business acquisition, integration and restructuring costs of \$46.8 million (\$0.51 per share), an increase in the purchase price obligation of \$3.3 million (\$0.04 per share), and investment impairment related charges of \$2.3 million (\$0.03 per share).

CORUS ENTERTAINMENT INC.
Fourth Quarter Report to Shareholders

Significant Events in the Quarter

- On June 9, 2015, the Company's Nelvana subsidiary announced that an array of industry-leading partners including Nickelodeon, Playmates Toys and The Topps Company have joined forces on the brand-new girls action series *Mysticons*, which will make its global debut in 2017.
- On June 24, 2015, the Company's HBO Canada season 5 series finale of *Game of Thrones* delivered record-breaking numbers, up 11% from the prior season's finale, reaching more than 1.6 million viewers. The hit series finished the season as the most watched series in HBO Canada's history.
- On June 29, 2015, the Company announced the launch of TreehouseGO, the first in a suite of branded TV Everywhere apps from Corus Kids Television. This new offering will provide additional value to Treehouse subscribers, giving them free access to shows anytime, anywhere on their mobile devices and tablets.
- On June 30, 2015, the Company paid a monthly dividend of \$0.094583 and \$0.095 per share to holders of its Class A and Class B Shares, respectively.
- On July 14, 2015, the Company's Nelvana subsidiary announced it will be developing a new animated series in partnership with Sony Pictures Animation that brings the feature film *Hotel Transylvania* to the small screen. This property will be developed and produced by Nelvana Studio in Toronto and is slated for launch in early 2017.
- On July 14, 2015, the Company released its 2015 Corporate Social Responsibility Report. This year's report focuses on Corus' 15 year history and highlights the company's commitment to its employees, communities, the environment and to Corus' long-term success.
- On July 15, 2015, the Company's W Network announced a partnership with Mark Burnett, United Artists Media Group, Omnicom Canada Corp.'s Highway Entertainment and Insight Productions to develop a new series format and travel-reality series *Destination Detour* (working title) for Canadian and international markets.
- On July 31, 2015, the Company paid a monthly dividend of \$0.094583 and \$0.095 per share to holders of its Class A and Class B Shares respectively.
- On August 11, 2015, the Company's Corus Média subsidiary announced its intent to launch La chaîne Disney in the Quebec marketplace. La chaîne Disney replaces TÉLÉTOON Retro (French).
- On August 27, 2015, the Company's Nelvana subsidiary announced the addition of numerous licensing partners for the top-rated *Little Charmers* series, including Stoneridge Cycle Ltd., The Tin Box Company, Pamson Pacific Enterprises, Primary Colors Corporation, Jacmel Jewelry and MediBadge Inc.
- On August 28, 2015, the Company's President and CEO, Doug Murphy, announced Corus' new Executive Leadership Team, which ensures continuity of senior management and alignment around Corus' strategic priorities.
- On August 31, 2015, the Company paid a monthly dividend of \$0.094583 and \$0.095 per share to holders of its Class A and Class B Shares, respectively.

Significant Events Subsequent to the Quarter

- On September 1, 2015, the Company launched Disney Channel (Canada) and La chaîne Disney for the first time in Canada, with broad distribution in 10 million households. With the launch of this iconic brand, Canadian families will now have access to the full Disney experience, with an extensive slate of world-class content delivered across platforms.

CORUS ENTERTAINMENT INC.

Fourth Quarter Report to Shareholders

- On September 3, 2015, the Company's Cartoon Network expanded its distribution to over five million subscribers through existing distribution partners and, for the first time, Rogers, Shaw and Shaw Direct. Cartoon Network replaces TELETOON Retro (English).
- On September 9, 2015, the Company's Calgary radio station Country 105 was nominated, for the second year in a row, by the Country Music Association (CMA) in Nashville, for a Medium Market Radio Station of the Year award.
- On September 13, 2015, the Company announced its wins at the 2015 Canadian Country Music Association Awards, including a Music Director of the Year award and an On Air Personalities of the Year (Large Market) award.
- On September 16, 2015, the Company announced the expansion of its broadcast technology service offerings with the creation of Quay Media Services. As part of the expansion, the Company also announced the acquisition of Canadian-based closed captioning company FastFile Media Services, one of the largest entertainment accessibility providers in Canada.
- On September 20, 2015, the Company's Corus Média subsidiary announced that its original programming received two Gémeaux Awards, including Best Original Music in the Fiction category for *Le berceau des anges*, aired on *Séries+*; and Best Show or Documentary Series in the Nature, Science and Environment category for *Chasseurs d'épaves*, aired on *Historia*.
- On September 21, 2015, the Company announced that its HBO Canada programming received 43 awards from the Primetime Emmy® Awards and the Creative Arts Emmy® Awards. HBO's *Game of Thrones* made history with twelve wins, the most of any series in a single year.
- On September 22, 2015, the Company announced the launch of its YTVGo and NickGO TV Everywhere apps, which are available at no additional charge to subscribers, providing them with access to live network streams and an extensive offering of on-demand episodes.
- On September 24, 2015, the Company launched its WATCH Disney Channel TV Everywhere app, which is available at no additional charge to subscribers, offering live linear programming, on-demand episodes and bonus content that can be streamed on tablet and mobile devices.
- On September 30, 2015, the Company paid a monthly dividend of \$0.094583 and \$0.095 per share to holders of its Class A and Class B Shares, respectively.
- On October 5, 2015, the Company and Bento Box Entertainment, LLC announced the creation of Bento Box Canada, an animation production company operating out of Corus Quay in Toronto. The new entity will develop and produce animated series targeting the age 18-34 demographic for Corus' networks and for international distribution by Bento Box Entertainment.
- On October 5, 2015, the Company announced that it has secured premarket U.S. deals for the sale of *Cheer Stars* (working title) to ABC Family and the U.S. broadcast rights for the renovation series *Masters of Flip* to Scripps Networks Interactive. These shows, along with the real estate series *Buying the View*, represent the first in a growing slate of unscripted reality programming available from Corus for licensing in the international marketplace.
- On October 5, 2015, Corus Radio announced that it is the first multi-market radio operator to offer HD Radio in Canada, with Hamilton's 95.3 Fresh Radio (CING GM) and Toronto's Talk Radio AM640 (CFMJ AM) now featuring station content on the HD platform. Additional Corus Radio stations are scheduled to roll out in the HD format in the upcoming months.
- On October 6, 2015, the Company announced that the premium original series *Sensitive Skin*, produced by Rhombus Media in association with Baby Cow Productions, Movie Central and The Movie Network, was nominated by the International Academy of Television Arts and Sciences for an International Emmy® award in the Comedy category. Winners will be announced in New York on November 23, 2015.

CORUS ENTERTAINMENT INC.
Fourth Quarter Report to Shareholders

Management's Discussion and Analysis

Management's Discussion and Analysis of the financial position and results of operations for the three months and year ended August 31, 2015 is prepared at September 30, 2015. The following should be read in conjunction with Management's Discussion and Analysis, consolidated financial statements and the notes thereto included in the Company's August 31, 2014 Annual Report and the consolidated financial statements and notes of the current quarter. The financial highlights included in the discussion of the segmented results are derived from the unaudited consolidated financial statements. All amounts are stated in Canadian dollars unless specified otherwise.

Corus reports its financial results under International Financial Reporting Standards ("IFRS") in Canadian dollars. Per share amounts are calculated using the weighted average number of shares outstanding for the applicable period.

Cautionary statement regarding forward-looking statements

To the extent any statements made in this report contain information that is not historical, these statements are forward-looking statements and may be forward-looking information within the meaning of applicable securities laws (collectively, "forward-looking statements"). These forward-looking statements relate to, among other things, our objectives, goals, strategies, intentions, plans, estimates and outlook, including advertising, distribution, merchandise and subscription revenues, operating costs and tariffs, taxes and fees, and can generally be identified by the use of the words such as "believe", "anticipate", "expect", "intend", "plan", "will", "may" and other similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. Although Corus believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, including without limitation, factors and assumptions regarding advertising, distribution, merchandise and subscription revenues, operating costs and tariffs, taxes and fees and actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from these expectations include, among other things: our ability to attract and retain advertising revenues; audience acceptance of our television programs and networks; our ability to recoup production costs, the availability of tax credits and the existence of co-production treaties; our ability to compete in any of the industries in which we do business; the opportunities (or lack thereof) that may be presented to and pursued by us; conditions in the entertainment, information and communications industries and technological developments therein; changes in laws or regulations or the interpretation or application of those laws and regulations; our ability to integrate and realize anticipated benefits from our acquisitions and to effectively manage our growth; our ability to successfully defend ourselves against litigation matters arising out of the ordinary course of business; and changes in accounting standards. Additional information about these factors and about the material assumptions underlying such forward-looking statements may be found in our Annual Information Form. Corus cautions that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Corus, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Unless otherwise required by applicable securities laws, Corus disclaims any intention or obligation to publicly update or revise any forward-looking statements whether as a result of new information, events or circumstances that arise after the date thereof or otherwise.

CORUS ENTERTAINMENT INC.
Fourth Quarter Report to Shareholders

This document contains forward-looking statements about expected future events and the financial operating performance of the Company.

For a discussion on the Company's results of operations for fiscal 2014, we refer you to the Company's Annual Report for the year ended August 31, 2014 filed on SEDAR on December 11, 2014.

The following discussion describes the significant changes in the consolidated results from operations.

Overview of Consolidated Results

Net income attributable to shareholders for the fourth quarter of fiscal 2015 was \$17.8 million on revenues of \$193.6 million, as compared to net income of \$23.7 million on revenues of \$201.6 million in the prior year. Consolidated segment profit decreased 5% from the prior year, with decreases of 8% in the Television segment and 11% in the Radio segment. Further analysis is provided in the discussions of segmented results.

Net loss attributable to shareholders for the year ended August 31, 2015 was \$25.2 million on revenues of \$815.3 million, as compared to net income of \$150.4 million on revenues of \$833.0 million in the prior year. Consolidated segment profit decreased 4% from the prior year, with Television down 5% and Radio down 19%. Further analysis is provided in the discussions of segmented results.

For fiscal 2014, the operating results of TELETOON Canada Inc. ("TELETOON"), as well as its assets and liabilities, were fully consolidated effective September 1, 2013 as a consequence of meeting the definition of control under IFRS 10 – *Consolidated Financial Statements*. Further discussion is provided in note 27 of the Company's audited consolidated financial statements for the year ended August 31, 2014.

Free cash flow for the year ended August 31, 2015 was \$201.2 million compared to \$175.3 million in the prior year.

Revenues

Revenues for the fourth quarter of fiscal 2015 were \$193.6 million, compared to \$201.6 million in the prior year. On a consolidated basis, subscriber revenues decreased by 1%, advertising revenues decreased by 8% and merchandising, distribution and other revenues decreased by 1%. Revenues decreased for Television by 3%, and Radio by 6% compared to the prior year. Further analysis of revenues is provided in the discussion of segmented results.

For the year ended August 31, 2015, revenues of \$815.3 million were down 2% from \$833.0 million in the prior year. On a consolidated basis, both subscriber revenues and merchandising, distribution and other revenues increased by 2% and 5%, respectively, while advertising revenues decreased by 7%. Refer to discussions of segmented results for additional analysis of revenues.

Direct cost of sales, general and administrative expenses

Direct cost of sales, general and administrative expenses for the fourth quarter of fiscal 2015 were \$138.1 million, compared to \$143.2 million in the prior year. On a consolidated basis, direct cost of sales decreased 1%, employee costs decreased 9% and other general and administrative expenses decreased 4%. These decreases resulted from lower costs in all reporting segments.

CORUS ENTERTAINMENT INC.
Fourth Quarter Report to Shareholders

For the year ended August 31, 2015, expenses of \$538.1 million were down 1% from \$543.4 million in the prior year. On a consolidated basis, direct costs increased 4%, employee costs decreased 8% and other general and administrative expenses decreased 3%. Further analysis of expenses is provided in the discussion of segmented results.

Depreciation and amortization

Depreciation and amortization expense for the fourth quarter of fiscal 2015 was \$6.1 million, up 13% from \$5.4 million in the prior year. The increase in the quarter arises from adjustments to useful life on certain assets, which accelerated the amortization of those items. For the year ended August 31, 2015, depreciation and amortization expense of \$24.1 million was consistent with the prior year. The full year depreciation and amortization expense in the prior year includes a \$1.2 million capital asset impairment charge in the Radio division. Removing the impact of this item results in a decrease in amortization of property, plant and equipment in fiscal 2015, which is offset by higher amortization of intangible assets, specifically software.

Interest expense

Interest expense of \$12.4 million in the fourth quarter of fiscal 2015 was \$0.6 million lower than the prior year, primarily due to repayment of bank debt that was incurred in the prior year to finance business acquisitions. Interest expense of \$50.9 million for the year ended August 31, 2015 was \$2.6 million higher than the prior year. The effective interest rate on bank loans and notes for the fourth quarter of fiscal 2015 was 4.2%, which was comparable to the prior year, while the full year was 4.1% compared to 4.2% in the prior year. The lower effective rates for the full year results from a higher proportion of bank debt at lower floating rates. Interest expense on credit facilities for the fourth quarter was lower relative to the prior year as a result of paying down bank debt. Interest expense on the credit facilities for the full year of fiscal 2015 was higher, resulting primarily from increased average bank debt made in the prior year to finance business acquisitions.

On February 25, 2015, the Company's credit facility with a syndicate of banks was amended. The principal amendment was a two year extension of the maturity date on the \$500.0 million revolving facility to February 25, 2019.

Broadcast license and goodwill impairment

Broadcast licenses and goodwill are tested for impairment annually as at August 31 or more frequently if events or changes in circumstances indicate that they may be impaired. In the second quarter of fiscal 2015, certain radio clusters had actual results and revised cash flow projections that fell short of previous estimates, which indicated that interim broadcast license and goodwill impairment testing was required in the radio segment. As a result of these tests, the Company recorded broadcast license impairment charges of \$23.0 million and a goodwill impairment charge of \$107.0 million in the second quarter of fiscal 2015 (refer to note 7 of the interim condensed consolidated financial statements for further details). In both the second and third quarters of fiscal 2014, the Company recorded impairment charges on broadcast licenses and goodwill totaling \$83.0 million as a result of certain radio clusters having actual results and revised cash flow projections that fell short of previous estimates.

The Company has completed its annual impairment testing of broadcast licenses and goodwill and determined that there were no further impairment charges required at August 31, 2015.

CORUS ENTERTAINMENT INC.
Fourth Quarter Report to Shareholders

Intangible impairments

During the third quarter of fiscal 2015, the Company undertook a strategic, in-depth review of the television programming slate to determine what programming will best position its services in the new regulatory environment. Programs that were not delivering adequate audience ratings were considered impaired and were written down accordingly. In addition, certain equity film investments were also considered impaired and written down accordingly. These film investments primarily related to equity film investments made by the Pay TV vertical, and certain boys action properties from Nelvana which are no longer supported by merchandising sales as the current lifecycle of the toy properties have ended. As a result, the Company recorded non-cash impairment charges in program rights and film investments of \$51.8 million in the third quarter of fiscal 2015. These charges are excluded from the determination of segment profit.

Business acquisition, integration and restructuring costs

For the three months ended August 31, 2015, the Company incurred \$8.3 million of business integration and restructuring costs compared to \$5.6 million in the prior year. The current year costs were primarily attributable to severance and employee related costs in the Corporate and Television segments.

For the year ended August 31, 2015, the Company incurred \$19.0 million of business acquisition, integration and restructuring costs compared to \$46.8 million in the prior year. The prior year included \$14.9 million in restructuring costs and \$31.9 million related to the present value of the CRTC tangible benefit obligations.

Gain on acquisition

In the first quarter of fiscal 2014, the Company recorded a non-cash gain of \$127.9 million resulting from the remeasurement to fair value of the Company's original 50% interest in TELETOON which was held prior to the acquisition of control on September 1, 2013.

Other (income) expense, net

Other (income) expense for the three months and year ended August 31, 2015 was expense of \$2.6 million compared to income of \$1.5 million in the prior year. The decrease in the fourth quarter relates to asset decommissioning and higher foreign exchange losses, while the prior year included a recovery of an investment previously written down of \$1.0 million.

For the year ended August 31, 2015, income of \$10.1 million consists of proceeds of \$18.5 million received from Steamboat Ventures relating to its disposal of an investment, of which \$1.5 million related to a return on capital, which resulted in a gain of \$17.0 million. This was offset by equity losses from investments in associates of \$3.3 million and foreign exchange losses of \$5.0 million. The prior year expense of \$5.7 million included a cumulative increase of \$3.3 million in the purchase obligation relating to the TELETOON acquisition, impairment charges on certain investments of \$1.1 million and equity losses in associates of \$2.4 million, offset by a recovery of an investment previously written down of \$1.0 million.

Income tax expense

The effective tax rate for the year ended August 31, 2015 was a 270.0% compared to the Company's 26.5% statutory rate. This higher effective tax rate is primarily the result of the \$107.0 million goodwill

CORUS ENTERTAINMENT INC.
Fourth Quarter Report to Shareholders

impairment charge recorded in the year, which is not a tax-deductible expense.

The effective tax rate for the year ended August 31, 2014 was 25.5% compared to the Company's 26.6% statutory rate. This lower effective tax rate reflects that both the non-cash gain resulting from the remeasurement to fair value of the Company's original 50% interest in TELETOON and the goodwill impairment are not subject to tax. A tax deduction is not expected to be available in respect to certain transaction-related costs.

Net income (loss) and earnings (loss) per share

Net income attributable to shareholders for the fourth quarter of fiscal 2015 was \$17.8 million (\$0.21 per share), as compared to \$23.7 million (\$0.28 per share) in the prior year. Net income attributable to shareholders for the current quarter includes business acquisition, integration and restructuring costs of \$8.3 million (\$0.07 per share). Removing the impact of this item results in an adjusted net income attributable to shareholders of \$24.0 million (\$0.28 per share basic) in the quarter. Net income attributable to shareholders for the prior year quarter includes business acquisition, integration and restructuring costs of \$5.6 million (\$0.04 per share), and investment impairment recovery of \$1.0 million (\$0.01 per share). Removing the impact of these items results in an adjusted net income attributable to shareholders of \$26.8 million (\$0.31 per share basic).

Net loss attributable to shareholders for the year ended August 31, 2015 was \$25.2 million (\$0.29 per share), as compared to earnings of \$150.4 million (\$1.77 per share) in the prior year. Net loss attributable to shareholders for the fiscal 2015 year includes radio broadcast license and goodwill impairment charges of \$130.0 million (\$1.44 per share), intangible impairment charges of \$51.8 million (\$0.44 per share), and business acquisition, integration and restructuring costs of \$19.0 million (\$0.15 per share), offset by a gain on disposition of investment of \$17.0 million (\$0.17 per share). Removing the impact of these items results in an adjusted net income attributable to shareholders of \$135.9 million (\$1.57 per share basic) for the current year. Net income attributable to shareholders for the prior year includes a non-cash gain of \$127.9 million (\$1.51 per share) resulting from the remeasurement to fair value of Corus' 50% interest in TELETOON which was held prior to consolidation on September 1, 2013, radio broadcast license and goodwill impairment charges of \$83.0 million (\$0.92 per share), capital asset impairment charges of \$1.2 million (\$0.01 per share), business acquisition, integration and restructuring costs of \$46.8 million (\$0.51 per share), an increase in the purchase price obligation of \$3.3 million (\$0.04 per share), and investment impairment related charges of \$2.3 million (\$0.03 per share). Removing the impact of these items results in an adjusted net income attributable to shareholders of \$150.3 million (\$1.77 per share).

The weighted average number of basic shares outstanding for the three months and year ended August 31, 2015, was 86,961,000 and 86,441,000, respectively, and has increased in the current year due to the issuance and exercise of stock options and the issuance of shares from treasury under the Company's dividend reinvestment plan.

Other comprehensive income (loss), net of tax

Other comprehensive income for the year ended August 31, 2015 was \$4.3 million, compared to a loss of \$0.1 million in the prior year. This increase of \$4.4 million resulted primarily from higher unrealized gains from foreign currency translation adjustments and actuarial gains on defined benefit plans, offset by higher unrealized losses from hedges and available-for-sale investments in the current year.

CORUS ENTERTAINMENT INC.
Fourth Quarter Report to Shareholders

Television

The Television segment is comprised of: YTV; Treehouse; Nickelodeon (Canada); ABC Spark; TELETOON, TÉLÉTOON; TELETOON Retro and TÉLÉTOON Rétro (both discontinued August 31, 2015); Disney Channel (Canada) and La chaîne Disney (launched September 1, 2015); Cartoon Network (Canada); W Network; OWN: Oprah Winfrey Network (Canada); W Movies; Sundance Channel (Canada); Historia and Séries+ (acquired January 1, 2014); Corus' western Canadian pay television services (Movie Central, including HBO Canada and Encore Avenue); three conventional television stations serving Southeastern Ontario including Peterborough, Kingston and Oshawa; the Corus content business including Nelvana (production and distribution of films and television programs, and merchandise licensing), Kids Can Press (publishing) and Toon Boom (animation software); and the Company's majority interest in CMT (Canada), CosmopolitanTV, and Telelatino (TLN, EuroWorld Sport, Mediaset Italia, Sky TG24, Teleniños, Univision (Canada), Telebimbi).

Financial Highlights

	Three months ended August 31,		Year ended August 31,	
(thousands of Canadian dollars)	2015	2014	2015	2014
Revenues	154,338	159,809	653,770	660,424
Expenses	101,763	102,773	393,641	387,151
Segment profit ⁽¹⁾	52,575	57,036	260,129	273,273

⁽¹⁾As defined in the "Key Performance Indicators" section

Revenues decreased 3% in the fourth quarter of fiscal 2015 as a result of a 10% decrease in specialty advertising revenues, a 1% decrease in subscriber revenues, offset by a 1% increase in merchandising, distribution and other revenues. Despite double digit growth in the Company's Women & Family vertical, specialty advertising revenues were impacted by significantly lower revenues at Telelatino (due to the broadcasting of FIFA World Cup soccer in the prior year) and advertising softness in the Kids vertical. Despite growth in Pay television subscribers over the prior quarter, subscriber revenues were down modestly in the quarter compared to the prior year. The growth in merchandising, distribution and other revenues reflects higher merchandising revenues from several master toy advances for the Company's new properties, offset by lower distribution and service work revenues. For the year ended August 31, 2015, total revenues were down 1%, driven by a 6% decrease in specialty advertising revenues offset by an increase in subscriber revenues of 2% and merchandising, distribution and other revenues of 7%.

Total expenses in the fourth quarter of fiscal 2015 decreased by 1% compared to the prior year. Direct cost of sales (which includes amortization of program rights and film investments, and other cost of sales) were slightly lower than the prior year, as lower program and film amortization costs were offset by higher cost of sales relating to higher merchandising revenues. General and administrative expenses were down 2% from the prior year as a result of continued focus on cost control. For the year-ended August 31, 2015, total expenses increased 2% from the prior year, primarily as a result of an increase to direct cost of sales of 5%, offset by a decrease of 3% to general and administrative expenses.

Segment profit decreased 8% in the fourth quarter of fiscal 2015 and 5% for the full year. Segment profit margin for the quarter was 34%, compared to 36% in the prior year. Segment profit margin for the full year was 40%, down slightly from 41% in the prior year as the Company continued to focus on managing costs in a challenging revenue environment.

CORUS ENTERTAINMENT INC.
Fourth Quarter Report to Shareholders

Radio

The Radio segment is comprised of 39 radio stations situated primarily in high-growth urban centres in English Canada, with a concentration in the densely populated area of Southern Ontario. Corus is one of Canada's leading radio operators in terms of audience reach.

Financial Highlights

	Three months ended		Year ended	
	August 31,		August 31,	
(thousands of Canadian dollars)	2015	2014	2015	2014
Revenues	39,261	41,748	161,545	172,592
Expenses	30,758	32,246	124,538	127,105
Segment profit ⁽¹⁾	8,503	9,502	37,007	45,487

⁽¹⁾As defined in the "Key Performance Indicators" section

Revenues decreased 6% in the fourth quarter of fiscal 2015 and for the year. More than half of the revenue shortfall was driven by disappointing results from the Toronto radio cluster. However, in the recent ratings released in September 2015, 102.1 the Edge continued to improve its ranked position in A25-54 in the important Toronto market, while both the Edge and Q107 maintained the #2 position in their core demos. The Vancouver radio cluster continued to deliver strong year-over-year revenue growth for the second consecutive quarter as a result of the programming changes made in the fourth quarter of fiscal 2014. The recent ratings confirmed that Vancouver's Rock 101 and CFOX are continuing on the right track, with both of these stations in the top five in A25-54.

Direct cost of sales, general and administrative expenses in the fourth quarter of fiscal 2015 decreased by 5% compared to the prior year and 2% for the year. Variable expenses decreased 9% for the quarter and for the year, driven mainly by lower costs directly correlated to revenue and lower commissions resulting from a realignment in the sales force during the year. Fixed costs, which represent a much higher proportion of the cost structure, decreased 2% in the quarter due to lower programming and general and administrative costs, offset by increased investment in research. Fixed expenses increased 1% for the fiscal year compared to the prior year, primarily as a result of incremental costs from the Ottawa radio stations that were acquired January 31, 2014 and increased investment in research, offset by lower general and administrative costs.

Segment profit decreased 11% in the fourth quarter of fiscal 2015 and 19% for the year. Segment profit margin decreased from 23% in the prior year to 22% for the quarter and from 26% to 23% for the year, as a result of the revenue softness and the investment in the Company's Ottawa radio stations.

The operating results finished significantly lower than planned. The key to recovery is regaining market share in the major markets. While the repositioning of radio is translating into ratings improvement, the revenue recovery is taking longer than originally anticipated, particularly in Toronto, the Company's largest radio cluster. As a result, the Company recorded non-cash impairment charges in broadcast licenses and goodwill of \$130.0 million in the second quarter of fiscal 2015. These charges are excluded from the determination of segment profit.

CORUS ENTERTAINMENT INC.
Fourth Quarter Report to Shareholders

Corporate

The Corporate results are comprised of the incremental cost of corporate overhead in excess of the amount allocated to the operating divisions.

Financial Highlights

	Three months ended August 31,		Year ended August 31,	
(thousands of Canadian dollars)	2015	2014	2015	2014
Share-based compensation	(414)	3,560	2,723	10,876
Other general and administrative costs	5,999	4,629	17,226	18,246
	5,585	8,189	19,949	29,122

Share-based compensation includes expenses related to the Company's stock options and other long-term incentive plans (such as Performance Share Units - "PSUs", Deferred Share Units - "DSUs", and Restricted Share Units - "RSUs"). The expense fluctuates with changes in assumptions, primarily regarding the Company's share price and number of units estimated to vest. Lower fourth quarter and full year share-based compensation reflects a decrease in the number of units that achieved vesting targets and a lower share price compared to the prior year.

For the fourth quarter of fiscal 2015, other general and administrative costs have increased primarily due to higher costs related to the timing of certain expenses. For the full year, other general and administrative costs have decreased primarily due to lower costs related to performance incentive plans and a continued focus on cost control.

QUARTERLY CONSOLIDATED FINANCIAL INFORMATION

Seasonal fluctuations

As discussed in Management's Discussion and Analysis for the year ended August 31, 2014, Corus' operating results are subject to seasonal fluctuations that can significantly impact quarter-to-quarter operating results. The Company's advertising revenues are dependent on general advertising revenues and retail cycles associated with consumer spending activity, accordingly the first and third quarter results tend to be the strongest and second and fourth quarter results tend to be the weakest in a fiscal year. The Company's merchandising and distribution revenues are dependent on the number and timing of film and television programs delivered as well as the timing and level of success achieved of associated merchandise licensed in the market, which cannot be predicted with certainty. Consequently, the Company's results may fluctuate materially from period-to-period and the results of any one period are not necessarily indicative of results for future periods.

The following table sets forth certain unaudited data derived from the interim condensed consolidated financial statements for each of the eight most recent quarters ended August 31, 2015. In Management's opinion, these unaudited consolidated financial statements have been prepared on a basis consistent with the audited consolidated financial statements in the Company's Annual Report for the year ended August 31, 2014.

CORUS ENTERTAINMENT INC.
Fourth Quarter Report to Shareholders

[thousands of Canadian dollars, except per share amounts]

	Revenues	Segment profit ^[1]	Net income (loss) attributable to shareholders	Adjusted net income attributable to shareholders	Earnings (loss) per share		
					Basic	Diluted	Adjusted
2015							
4th quarter	193,599	55,493	17,835	23,967	\$ 0.21	\$ 0.21	\$ 0.28
3rd quarter	203,121	68,699	(8,109)	31,550	\$(0.09)	\$(0.09)	\$ 0.36
2nd quarter	191,484	59,719	(86,786)	28,499	\$(1.01)	\$(1.01)	\$ 0.33
1st quarter	227,111	93,276	51,906	51,906	\$ 0.60	\$ 0.60	\$ 0.60
2014							
4th quarter	201,557	58,349	23,727	26,785	\$ 0.28	\$ 0.28	\$ 0.31
3rd quarter	214,041	79,731	(30,325)	41,602	\$(0.36)	\$(0.36)	\$ 0.49
2nd quarter	191,413	59,282	6,116	26,780	\$ 0.07	\$ 0.07	\$ 0.32
1st quarter	226,005	92,276	150,891	55,177	\$ 1.78	\$ 1.78	\$ 0.65

^[1]As defined in "Key Performance Indicators"

Significant items causing variations in quarterly results

- Net income attributable to shareholders for the fourth quarter of fiscal 2015 was negatively impacted by restructuring costs of \$8.3 million (\$0.07 per share).
- Net income attributable to shareholders for the third quarter of fiscal 2015 was negatively impacted by non-cash impairment charges in program rights and film investments of \$51.8 million (\$0.44 per share) and restructuring costs of \$2.7 million (\$0.02 per share).
- Net income attributable to shareholders for the second quarter of fiscal 2015 was negatively impacted by non-cash radio broadcast license and goodwill impairment charges of \$130.0 million (\$1.44 per share), restructuring costs of \$8.0 million (\$0.07 per share) and positively impacted by a gain of \$17.0 million (\$0.17 per share) resulting from a gain on disposition of investment.
- Net income attributable to shareholders for the fourth quarter of fiscal 2014 was negatively impacted by business acquisition, integration and restructuring costs of \$5.6 million (\$0.04 per share) offset by an investment impairment recovery of \$1.0 million (\$0.01 per share).
- Net income attributable to shareholders for the third quarter of fiscal 2014 was negatively impacted by non-cash radio broadcast license and goodwill impairment charges of \$75.0 million (\$0.85 per share), capital asset impairment charge of \$1.2 million (\$0.01 per share), business acquisition, integration and restructuring costs of \$0.6 million (\$0.01 per share) and positively impacted by a decrease in the purchase price obligation of \$2.0 million (\$0.02 per share).
- Net income attributable to shareholders for the second quarter of fiscal 2014 was negatively impacted by non-cash radio broadcast license impairment charges of \$8.0 million (\$0.07 per share), business acquisition, integration and restructuring costs of \$18.7 million (\$0.20 per share), and positively impacted by a decrease in the purchase price obligation of \$2.1 million (\$0.02 per share).
- Net income attributable to shareholders for the first quarter of fiscal 2014 was positively impacted by a non-cash gain of \$127.9 million (\$1.51 per share) resulting from the remeasurement to fair value of the Company's 50% interest in TELETOON which was held prior to the consolidation on September 1, 2013. This was offset by business acquisition, integration and restructuring costs of \$21.9 million (\$0.25 per share), an increase in the purchase price obligation of \$7.3 million (\$0.09 per share) and investment impairment related charges of \$3.3 million (\$0.04 per share).

CORUS ENTERTAINMENT INC.
Fourth Quarter Report to Shareholders

Risks and Uncertainties

The significant risks and uncertainties affecting the Company and its business are discussed in the Company's August 31, 2014 Annual Report under the *Risks and Uncertainties* section in the Management's Discussion and Analysis. Developments of note since then are as follows:

A series of CRTC policy statements and substantive decisions under the overall mantle known as "Let's Talk TV" have introduced several changes to the regulatory framework governing Broadcasting Distribution Undertakings ("BDUs") and Broadcasting Undertakings. Some of these could affect the Company. Most of these policies have not as yet appeared as draft regulations that will be subject to a public comment process. This should occur through the balance of this calendar year.

What follows is a précis of changes that could affect the Company. The reader should review the CRTC source documents at www.CRTC.gc.ca for a complete understanding of the proposed changes.

On January 29, 2015, the CRTC asked the industry to examine the process of simultaneous substitution of US network stations by Canadian stations carrying the same program at the same time. The Commission also suggested that substitution of the NFL Super Bowl would be prohibited in 2017. This ban has been subject to a legal challenge by the Canadian rights holder network CTV which will supply the Company's local broadcast stations with programming as of August 30, 2015.

On March 12, 2015, the CRTC eliminated genre protection which allows the Company to adapt the nature of service for its television services according to market conditions. The Commission also established on this date an open entry licensing system with Canadian ownership status and carriage in more than 200,000 subscriber homes being effectively the only conditions required to be licensed as a Broadcasting Undertaking. The Commission also proposed an open entry system for video on demand services that meet certain criteria.

On March 19, 2015, the CRTC issued a policy statement regarding the revision of the carriage rules for adoption by BDUs. These policy statements will require regulations to implement which have not been released yet. These draft regulations will be subject to a public process.

The proposals include requiring BDUs to offer an entry level basic service of local broadcast stations and certain mandatory distribution specialty services at a maximum price of C\$25 retail a month. This will commence March 2016.

The Commission also proposed to group all services into three license categories: basic; discretionary; and on-demand services.

At this time, the CRTC proposed that all BDUs would be required to offer all discretionary services on an à la carte basis, or "build your own package" or in theme pack packages of 10 services. In December 2016, BDUs will be required to expand consumer choice to pure à la carte.

However, the BDU can offer, and a consumer can maintain, their status quo packages. The Commission also proposed an oversight over wholesale pricing and negotiations related thereto but the final policy has not been released and it remains to be seen how this will unfold.

The Commission also proposed changes to the level of linear Canadian Content requirements to commence in 2017. This would reduce the obligations of the Company's services.

On March 26, 2015, the Commission published a draft Television Service Provider Code of Conduct and requested comments. This code mandates clear language on customer agreements, transparency in charges, promotion of new packaging rules, service call scheduling, and rebates for service outages.

CORUS ENTERTAINMENT INC.

Fourth Quarter Report to Shareholders

On July 9, 2015, the Commission published draft Broadcasting Distribution Regulations for public comment. These draft amendments were to implement the carriage provisions of the Let's Talk TV policies published earlier in the year.

On September 24, 2015, the CRTC published the Wholesale Code. The CRTC stated it's goals for the code: *"The Wholesale Code governs certain aspects of the commercial arrangements between broadcasting distribution undertakings (BDUs), programming undertakings, and exempt digital media undertakings. It will ensure that subscribers have greater choice and flexibility in the programming services they receive, that programming services are diverse, available and discoverable on multiple platforms, and that negotiations between programming services and BDUs are conducted in a fair manner."*

These changes in the regulatory regime may adversely affect the Company's business and operating results.

2015 Financial Guidance

The following forward looking information is governed in its entirety by the "Cautionary Statement Regarding Forward-Looking Statements" found in the introductory section of this MD&A.

At its annual Investor Day on November 20, 2014, the Company confirmed its previously announced fiscal 2015 guidance of \$300.0 million to \$320.0 million in consolidated segment profit and free cash flow in excess of \$180.0 million.

In the second quarter of fiscal 2015, the Company announced that it did not expect to achieve the low end of the segment profit guidance for the fiscal year. In the third quarter, based on the year-to-date financial results, the Company confirmed that it would not meet the low end of the segment profit guidance for the fiscal year; however free cash flow guidance would remain unchanged. As expected, actual segment profit of \$277.2 million was below fiscal 2015 guidance of \$300.0 million to \$320.0 million due to economic headwinds that negatively impacted advertising market confidence and revenues, including a decline in the Canadian dollar since January 1, 2015, a surprise interest rate cut, a plunge in oil prices and the closure of large retail stores such as Target Canada. Actual free cash flow for fiscal 2015 was a record \$201.2 million, exceeding the guidance originally set of in excess of \$180.0 million, as the Company did an excellent job managing working capital and benefitted from a gain on a strategic investment in the second quarter.

The Company will not provide financial guidance for fiscal 2016.

FINANCIAL POSITION

Total assets at August 31, 2015 and August 31, 2014 were \$2.6 billion and \$2.8 billion, respectively. The following discussion describes the significant changes in the consolidated statements of financial position since August 31, 2014.

Current assets at August 31, 2015 were \$228.3 million, up \$10.9 million from August 31, 2014. Cash and cash equivalents increased by \$25.8 million. Refer to the discussion of cash flows in the next section.

Accounts receivable decreased \$18.4 million during the year. The accounts receivable balance is subject to seasonal trends. Typically the balance is higher in the first and third quarters and lower in the second and fourth quarters as a result of the broadcast revenue cycle. Accounts receivable decreased as a

CORUS ENTERTAINMENT INC.
Fourth Quarter Report to Shareholders

result of lower revenues in the current year. The Company carefully monitors the aging of its accounts receivable.

Tax credits receivable decreased \$3.1 million during the year as a result of receipts and tax credits applied against tax liabilities exceeding tax credit accruals related to film and interactive productions.

Intangibles, investments and other assets increased \$13.0 million during the year, primarily as a result of increases in investments offset by equity losses from associates and amortization of intangibles.

Property, plant and equipment decreased \$4.5 million during the year, as a result of depreciation expense exceeding additions for fiscal 2015.

Program and film rights decreased \$14.5 million during the year, as additions of acquired rights of \$229.6 million were offset by impairment charges of \$30.7 million and amortization of \$213.5 million during fiscal 2015.

Film investments decreased \$26.9 million during the year, as film spending (net of tax credit accruals) of \$22.1 million were offset by impairment charges of \$21.1 million and film amortization of \$27.9 million.

Broadcast licenses decreased \$23.0 million during the year, while goodwill decreased \$107.0 million from August 31, 2014 balances as a result of impairment charges related to the Radio segment recorded in the second quarter of fiscal 2015.

Accounts payable and accrued liabilities increased \$40.6 million during the year, primarily as a result of higher current program rights payable, offset by reductions in accrued liabilities. The reductions in accrued liabilities relate primarily to accrual for performance incentive plans, short-term portion of stock-based compensation and third-party participations.

Provisions have increased \$3.6 million during the year as a result of accruals exceeding payments made in the year relating to restructuring and the retirement of senior executives as well as early termination costs on an affiliation agreement.

Long-term debt at August 31, 2015 was \$651.0 million, down \$223.2 million compared to \$874.3 million at August 31, 2014. During fiscal 2015, the Company paid down bank loans by \$74.7 million and incurred amortization of deferred financing charges of \$1.5 million. In addition, the \$150.0 million Term Facility maturing February 3, 2016 has been classified as current on the Statements of Financial Position.

Other long-term liabilities decreased by \$33.0 million during the year, primarily from decreases in long-term program rights payable, long-term employee obligations as a result of retirement of senior executives, public benefits associated with acquisitions, and merchandising and intangibles liabilities.

Share capital increased \$27.2 million, as the issuance of shares from treasury under the Company's dividend reinvestment plan and issuance of stock options added \$20.5 million and \$6.7 million, respectively, to share capital.

Contributed surplus increased \$1.1 million due to share-based compensation expense of \$2.2 million, offset by the issuance of shares under the stock option plan of \$1.1 million.

CORUS ENTERTAINMENT INC.
Fourth Quarter Report to Shareholders

LIQUIDITY AND CAPITAL RESOURCES

Cash flows

Overall, the Company's cash and cash equivalents position increased by \$25.8 million during the year ended August 31, 2015. Free cash flow for the year ended August 31, 2015 was \$201.2 million, compared to free cash flow of \$175.3 million in the prior year. This increase in free cash flow primarily reflects higher cash provided by operating activities and proceeds from disposition of an investment, offset by higher capital additions and lower cash inflows from working capital. A reconciliation of free cash flow to the consolidated statements of cash flows is provided in the Key Performance Indicators section.

Cash provided by operating activities in the year ended August 31, 2015 was \$210.4 million, compared to \$194.5 million in the prior year. The increase of \$15.9 million arises from lower program rights payments of \$23.2 million, offset by higher additions to film investments of \$9.6 million, lower cash inflows from working capital of \$4.8 million and lower net income from operations before adjustments of \$7.1 million.

Cash used in investing activities in the year ended August 31, 2015 was \$28.9 million, compared to \$526.2 million in the prior year. The prior year includes cash outflows of \$497.4 million for business acquisitions in the prior year. The current year includes cash proceeds from disposition of an investment of \$18.5 million, offset by net cash outflows for intangibles, investments and other assets of \$24.8 million, additions to property, plant and equipment of \$16.7 million and CRTC benefits payments of \$5.9 million.

Cash used in financing activities in the year ended August 31, 2015 was \$155.6 million, compared to cash provided by financing activities of \$262.1 million in the prior year. In the current year, the Company paid down bank debt by \$74.7 million, paid dividends of \$81.8 million, made capital lease payments of \$4.0 million and received \$5.7 million from issuance of shares under the stock option plan. In the prior year, the Company incurred \$333.2 million in bank loans to finance the business acquisitions, paid dividends of \$72.2 million, made capital lease payments of \$3.0 million and received \$4.6 million from issuance of shares under the stock option plan.

Liquidity

The Company's capital management objectives are to maintain financial flexibility in order to pursue its strategy of organic growth combined with strategic acquisitions and to provide returns to its shareholders. The Company defines capital as the aggregate of its shareholders' equity and long-term debt less cash and cash equivalents.

The Company manages its capital structure in accordance with changes in economic conditions. In order to maintain or adjust its capital structure, the Company may elect to issue or repay long-term debt, issue shares, repurchase shares through a normal course issuer bid, pay dividends or undertake any other activities as deemed appropriate under the specific circumstances.

The Company monitors capital using several key performance metrics, including: net debt to segment profit ratio and dividend yield. The Company's stated long-term objectives are not to exceed a net debt to segment profit ratio of 3.5 times, and to maintain a dividend yield in excess of 2.5%. In the short term, the Company may permit the net debt to segment profit ratio to go outside of the long-term guideline range (for long-term investment opportunities), but endeavours to return to the policy guideline range as the Company believes that these objectives provide a reasonable framework for

CORUS ENTERTAINMENT INC.
Fourth Quarter Report to Shareholders

providing a return to shareholders and is supportive of maintaining the Company's credit ratings. The Company is currently operating within these internally imposed objectives.

On February 25, 2015, the Company's \$500.0 million credit facility with a syndicate of banks was amended. The principal amendment was to extend the maturity date, on the \$500.0 million revolving facility, to February 25, 2019.

As at August 31, 2015, the Company had available approximately \$390.0 million under the revolving term credit facility and was in compliance with all loan covenants. As at August 31, 2015, the Company had a cash balance of \$37.4 million. Management believes that cash flow from operations and existing credit facilities will provide the Company with sufficient financial resources to fund its operations for the next 12 months.

Net debt to segment profit

As at August 31, 2015, net debt was \$763.6 million, down from \$862.7 million at August 31, 2014. Net debt to segment profit at August 31, 2015 was 2.8 times compared to 3.0 times at August 31, 2014. Segment profit for the net debt to segment profit calculation reflects aggregate amounts as reported by the Company for the most recent four quarters. Further discussion on this is contained in the Key Performance Indicators section.

Total capitalization

At August 31, 2015, total capitalization was \$1,983.5 million, a decrease of \$189.3 million from August 31, 2014. The decrease results from lower net income and debt levels.

Off-Balance Sheet arrangements and derivative financial instruments

During the second quarter of fiscal 2014, the Company entered into a Canadian interest rate swap agreement to fix the interest rate on its outstanding term loan facility. The counterparties of the swap agreements are highly rated financial institutions and the Company does not anticipate any non-performance. The fair value or future cash flows of interest rate swap derivatives increase (decrease) with fluctuations in market interest rates. The estimated fair value of these agreements at August 31, 2015 is \$0.4 million, which has been recorded in the Interim Condensed Consolidated Statements of Financial Position as a liability.

Contractual commitments

In the third quarter of fiscal 2015, the Company entered into the following contractual obligations:

On March 16, 2015, the Company and MTV Networks Canada ("Nickelodeon") expanded their strategic partnership with a long-term agreement that grants the Company exclusive Canadian rights to all of Nickelodeon's English- and French-language content across digital platforms and linear services. Under the terms of the licensing deal, the Company becomes the sole distributor and rights holder of Nickelodeon's current content and library titles in Canada.

On April 10, 2015, the Company and Buena Vista Television expanded their partnership with a long-term agreement that grants the Company exclusive rights to operate Disney Channel, Disney Junior, Disney XD and Disney Channel French in Canada. Under the terms of the licensing deal, the Company becomes the sole licensee of Disney content and Disney branded networks in Canada.

The annual commitments for both agreements are based on minimum guarantee and variable payments.

CORUS ENTERTAINMENT INC.
Fourth Quarter Report to Shareholders

Outstanding Share Data

As at September 30, 2015, 3,425,792 Class A Voting Shares and 83,846,600 Class B Non-Voting Shares were issued and outstanding.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred in the year ended August 31, 2015 that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

KEY PERFORMANCE INDICATORS

The Company measures the success of its strategies using a number of key performance indicators. These have been outlined in Management's Discussion and Analysis contained in the Annual Report for the year ended August 31, 2014, including a discussion as to their relevance, definitions, calculation methods and underlying assumptions.

In particular, segment profit is calculated as revenues less direct cost of sales, general and administrative expenses as reported in the Company's consolidated statements of income and retained earnings. Segment profit may be calculated and presented for an individual operating segment, or for the consolidated Company. The Company believes this is an important measure as it allows the Company to evaluate the operating performance of its business segments and its ability to service and/or incur debt; therefore, it is calculated before (i) non-cash expenses such as depreciation and amortization; (ii) interest expense; and (iii) items not indicative of the Company's core operating results, and not used in management's evaluation of the business segment's performance, such as: goodwill and broadcast license impairment; significant intangible asset impairments; debt refinancing; non-cash gains or losses and certain other income and expenses (note 12 to the interim consolidated financial statements). Segment profit is also one of the measures used by the investing community to value the Company and is included in note 14 to the condensed interim consolidated financial statements. Segment profit does not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS") and is not necessarily comparable to similar measures presented by other companies.

Certain key performance indicators are not measurements in accordance with IFRS and should not be considered as an alternative to net income or any other measure of performance under IFRS. The following tables reconcile those key performance indicators that are not in accordance with IFRS measures:

Free cash flow

Free cash flow is calculated as cash provided by operating activities less cash used in investing activities, as reported in the consolidated statements of cash flows, and then adding back cash used specifically for business combinations and strategic investments. Free cash flow is a key metric used by the investing community that measures the Company's ability to repay debt, finance strategic business acquisitions and investments, pay dividends, and repurchase shares. Free cash flow does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other companies. Free cash flow should not be considered in isolation or as a substitute for cash flows prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

CORUS ENTERTAINMENT INC.
Fourth Quarter Report to Shareholders

[thousands of Canadian dollars]	Three months ended August 31,		Year ended August 31,	
	2015	2014	2015	2014
Cash provided by (used in):				
Operating activities	55,935	3,243	210,363	194,477
Investing activities	(10,765)	(14,107)	(28,915)	(526,246)
	45,170	(10,864)	181,448	(331,769)
Add back: cash used for business combinations and strategic investments ⁽¹⁾	—	3,700	19,765	507,045
Free cash flow	45,170	(7,164)	201,213	175,276

⁽¹⁾ Strategic investments are comprised of investments in venture funds and associated companies.

Adjusted net income and adjusted basic earnings per share

In addition to disclosing results in accordance with IFRS as issued by the IASB, the Company also provides supplementary non-IFRS measures as a method of evaluating the Company's performance. Management uses adjusted net income and adjusted basic earnings per share as a measure of enterprise-wide performance. Adjusted net income and adjusted basic earnings per share are defined as net income and basic earnings per share before items such as: non-recurring gains or losses related to acquisitions and/or dispositions of investments; costs of debt refinancing; non-cash impairment charges; and business acquisition, integration and restructuring costs. Management believes that adjusted net income and adjusted basic earnings per share are useful measures that facilitate period-to-period operating comparisons. Adjusted net income and adjusted basic earnings per share do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other companies. Adjusted net income and adjusted basic earnings per share should not be considered in isolation or as a substitute for net income prepared in accordance with IFRS as issued by the IASB.

Adjusted net income and adjusted basic earnings per share reconciliation

(thousands of Canadian dollars, except per share amounts)	Three months ended August 31,		Year ended August 31,	
	2015	2014	2015	2014
Net income (loss) attributable to shareholders	17,835	23,727	(25,154)	150,408
Adjustments, net of tax:				
Gain on remeasurement to fair value of original 50% of TELETOON	—	—	—	(127,884)
Broadcast license and goodwill impairment charge	—	—	123,984	78,460
Intangible asset impairment charge	—	—	38,055	—
Increase in purchase price obligation	—	—	—	3,336
Impact of business acquisition, integration and restructuring costs	6,132	4,020	13,753	42,820
Gain from disposition of investment	—	—	(14,716)	—
Impact of investment impairment charges	—	(962)	—	2,291
Capital asset impairment	—	—	—	913
Adjusted net income attributable to shareholders	23,967	26,785	135,922	150,344

CORUS ENTERTAINMENT INC.
Fourth Quarter Report to Shareholders

	Three months ended August 31,		Year ended August 31,	
	2015	2014	2015	2014
Basic earnings (losses) per share	\$0.21	\$0.28	(\$0.29)	\$ 1.77
Adjustments, net of tax:				
Gain on remeasurement to fair value of original 50% of TELETOON	—	—	—	(1.51)
Broadcast license and goodwill impairment charge	—	—	1.44	0.92
Intangible asset impairment	—	—	0.44	—
Increase in purchase price obligation	—	—	—	0.04
Impact of business acquisition, integration and restructuring costs	0.07	0.04	0.15	0.51
Gain from disposition of investment	—	—	(0.17)	—
Impact of investment impairment charges	—	(0.01)	—	0.03
Capital asset impairment	—	—	—	0.01
Adjusted basic earnings per share	\$0.28	\$0.31	\$1.57	\$1.77

Net Debt and Net Debt to Segment Profit

Net debt is calculated as total bank debt and notes less cash and cash equivalents as reported in the consolidated statements of financial position. Net debt is an important measure as it reflects the principal amount of debt owing by the Company as at a particular date. Net debt to segment profit is an important measure of the Company's liquidity. Net debt and net debt to segment profit do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other companies.

(thousands of Canadian dollars)	As at August 31, 2015	As at August 31, 2014
Total bank debt and notes	801,002	874,251
Cash and cash equivalents	(37,422)	(11,585)
Net debt	763,580	862,666

(thousands of Canadian dollars)	As at August 31, 2015	As at August 31, 2014
Net debt (numerator)	763,580	862,666
Segment profit (denominator) ⁽¹⁾	277,187	289,638
Net debt to segment profit	2.8	3.0

⁽¹⁾Reflects aggregate amounts for the most recent four quarters, as detailed in the table in the "Quarterly Consolidated Financial Information" section and includes the segment profit of the acquired assets from the date of acquisition.

IMPACT OF NEW ACCOUNTING POLICIES

The International Accounting Standards Board ("IASB") continues to issue new and revised IFRS. A listing of the recent accounting pronouncements promulgated by the IASB and not yet adopted by the Company is included in note 3 in the Company's August 31, 2014 consolidated financial statements and note 3 in the Company's August 31, 2015 interim condensed consolidated financial statements.

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at August 31, 2015	As at August 31, 2014
[unaudited - in thousands of Canadian dollars]		
ASSETS		
Current		
Cash and cash equivalents	37,422	11,585
Accounts receivable	164,600	183,009
Income taxes recoverable	12,439	9,768
Prepaid expenses and other	13,855	13,032
Total current assets	228,316	217,394
Tax credits receivable	25,958	29,044
Intangibles, investments and other assets (note 4)	60,589	47,630
Property, plant and equipment	139,140	143,618
Program and film rights (note 5)	315,899	330,437
Film investments (note 5)	36,549	63,455
Broadcast licenses (notes 6 and 7)	956,984	979,984
Goodwill (notes 6 and 7)	827,859	934,859
Deferred tax assets	40,815	38,161
	2,632,109	2,784,582
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	210,971	170,411
Current portion of long-term debt (note 8)	150,000	—
Provisions	8,930	5,314
Total current liabilities	369,901	175,725
Long-term debt (note 8)	651,002	874,251
Other long-term liabilities	138,833	171,793
Deferred tax liabilities	252,462	252,687
Total liabilities	1,412,198	1,474,456
SHAREHOLDERS' EQUITY		
Share capital (note 9)	994,571	967,330
Contributed surplus	9,471	8,385
Retained earnings	191,182	313,361
Accumulated other comprehensive income	7,353	3,767
Total equity attributable to shareholders	1,202,577	1,292,843
Equity attributable to non-controlling interest	17,334	17,283
Total shareholders' equity	1,219,911	1,310,126
	2,632,109	2,784,582

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	Three months ended August 31,		Year ended August 31,	
[unaudited - in thousands of Canadian dollars except per share amounts]	2015	2014	2015	2014
Revenues	193,599	201,557	815,315	833,016
Direct cost of sales, general and administrative expenses (note 10)	138,106	143,208	538,128	543,378
Depreciation and amortization	6,138	5,415	24,057	24,068
Interest expense (note 11)	12,369	12,993	50,936	48,320
Broadcast license and goodwill impairment (notes 6 and 7)	—	—	130,000	83,000
Intangible impairment (note 5)	—	—	51,786	—
Business acquisition, integration and restructuring costs	8,337	5,576	19,032	46,792
Gain on acquisition	—	—	—	(127,884)
Other (income) expense, net (note 12)	2,574	(1,476)	(10,117)	5,740
Income before income taxes	26,075	35,841	11,493	209,602
Income tax expense (note 13)	6,031	10,208	30,993	53,433
Net income (loss) for the period	20,044	25,633	(19,500)	156,169
Net income (loss) attributable to:				
Shareholders	17,835	23,727	(25,154)	150,408
Non-controlling interest	2,209	1,906	5,654	5,761
	20,044	25,633	(19,500)	156,169
Earnings (losses) per share attributable to shareholders:				
Basic	\$ 0.21	\$ 0.28	\$ (0.29)	\$ 1.77
Diluted	\$ 0.21	\$ 0.28	\$ (0.29)	\$ 1.76
Net income (loss) for the period	20,044	25,633	(19,500)	156,169
Other comprehensive income (loss), net of tax:				
Items that may be reclassified subsequently to income:				
Unrealized foreign currency translation adjustment	1,148	100	4,158	1,720
Unrealized change in fair value of available-for-sale investments	(115)	(8)	(306)	446
Unrealized change in fair value of cash flow hedges	(3)	57	(266)	(52)
Actuarial (loss) gain on employee future benefits	686	(2,188)	686	(2,188)
	1,716	(2,039)	4,272	(74)
Comprehensive income (loss) for the period	21,760	23,594	(15,228)	156,095
Comprehensive income (loss) attributable to:				
Shareholders	19,551	21,688	(20,882)	150,334
Non-controlling interest	2,209	1,906	5,654	5,761
	21,760	23,594	(15,228)	156,095

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

[unaudited - in thousands of Canadian dollars]	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total equity attributable to shareholders	Non- controlling interest	Total equity
At August 31, 2014	967,330	8,385	313,361	3,767	1,292,843	17,283	1,310,126
Comprehensive income (loss)	—	—	(25,154)	4,272	(20,882)	5,654	(15,228)
Actuarial loss transfer	—	—	686	(686)	—	—	—
Dividends declared	—	—	(97,711)	—	(97,711)	(5,603)	(103,314)
Issuance of shares under stock option plan	6,741	(1,090)	—	—	5,651	—	5,651
Issuance of shares under dividend reinvestment plan	20,500	—	—	—	20,500	—	20,500
Share-based compensation expense	—	2,176	—	—	2,176	—	2,176
At August 31, 2015	994,571	9,471	191,182	7,353	1,202,577	17,334	1,219,911
At August 31, 2013	937,183	7,221	256,517	1,653	1,202,574	18,259	1,220,833
Comprehensive income (loss)	—	—	150,408	(74)	150,334	5,761	156,095
Actuarial gain transfer	—	—	(2,188)	2,188	—	—	—
Dividends declared	—	—	(91,376)	—	(91,376)	(6,737)	(98,113)
Issuance of shares under stock option plan	5,465	(862)	—	—	4,603	—	4,603
Issuance of shares under dividend reinvestment plan	24,682	—	—	—	24,682	—	24,682
Share-based compensation expense	—	2,026	—	—	2,026	—	2,026
At August 31, 2014	967,330	8,385	313,361	3,767	1,292,843	17,283	1,310,126

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended August 31,		Year ended August 31,	
[unaudited - in thousands of Canadian dollars]	2015	2014	2015	2014
OPERATING ACTIVITIES				
Net income (loss) for the period	20,044	25,633	(19,500)	156,169
Adjustments to reconcile net income (loss) to cash provided by operating activities				
Depreciation and amortization	6,138	5,415	24,057	24,068
Broadcast license and goodwill impairment	—	—	130,000	83,000
Intangible asset impairment	—	—	51,786	—
Amortization of program and film rights	51,676	53,871	213,457	207,639
Amortization of film investments	9,441	6,552	27,851	19,808
Deferred income taxes	751	1,254	(2,970)	5,638
Increase in purchase price obligation	—	—	—	3,336
Share-based compensation expense	334	537	2,176	2,026
Imputed interest	3,567	3,713	14,620	14,698
Tangible benefit obligation	—	—	—	31,916
Gain on disposition of investment	—	—	(16,964)	—
Gain on acquisition	—	—	—	(127,884)
Other	1,795	502	5,360	2,402
Net change in non-cash working capital balances related to operations	29,980	19,632	18,183	22,945
Payment of program and film rights	(67,539)	(121,282)	(202,728)	(225,935)
Net additions to film investments	(252)	7,416	(34,965)	(25,349)
Cash provided by operating activities	55,935	3,243	210,363	194,477
INVESTING ACTIVITIES				
Additions to property, plant and equipment	(3,976)	(4,261)	(16,671)	(11,976)
Business combinations	—	(687)	—	(497,393)
Proceeds from disposition of investment	—	—	18,490	—
Net cash flows for intangibles, investments and other assets	(4,274)	(4,098)	(24,829)	(11,493)
Other	(2,515)	(5,061)	(5,905)	(5,384)
Cash used in investing activities	(10,765)	(14,107)	(28,915)	(526,246)
FINANCING ACTIVITIES				
Increase (decrease) in bank loans	(29,807)	142	(74,670)	333,243
Financing fees	—	—	(750)	(587)
Issuance of shares under stock option plan	—	3,144	5,651	4,603
Dividends paid	(20,227)	(17,158)	(76,228)	(65,474)
Dividends paid to non-controlling interest	(1,050)	(736)	(5,603)	(6,737)
Other	(512)	(1,179)	(4,011)	(2,960)
Cash provided by (used in) financing activities	(51,596)	(15,787)	(155,611)	262,088
Net change in cash and cash equivalents during the period	(6,426)	(26,651)	25,837	(69,681)
Cash and cash equivalents, beginning of the period	43,848	38,236	11,585	81,266
Cash and cash equivalents, end of the period	37,422	11,585	37,422	11,585

Supplemental cash flow disclosures (note 15)

See accompanying notes

CORUS ENTERTAINMENT INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
August 31, 2015

(in thousands of Canadian dollars, except per share information)

1. CORPORATE INFORMATION

Corus Entertainment Inc. (the “Company” or “Corus”) is a Canadian-based integrated media and content company. The Company is incorporated under the *Canada Business Corporations Act* and its Class B Non-Voting Shares are listed on the Toronto Stock Exchange (the “TSX”) under the symbol CJR.B.

The Company’s registered office is at 1500, 850 – 2nd Street SW, Calgary Alberta, T2P 0R8. The Company’s executive office is at Corus Quay, 25 Dockside Drive, Toronto, Ontario, M5A 0B5.

These interim condensed consolidated financial statements include the accounts of the Company and all its subsidiaries and joint ventures. The Company’s principal business activities are: the operation of radio stations; the operation of specialty, pay and conventional television networks; and the Corus content business which consists of the production and distribution of films and television programs, merchandise licensing, publishing and the production and distribution of animation software.

2. STATEMENT OF COMPLIANCE

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”). The accounting policies used in the preparation of these interim condensed consolidated financial statements conform with those in the Company’s audited annual consolidated financial statements for the year ended August 31, 2014, except as described in note 3. These interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements and, accordingly, should be read in conjunction with the Company’s annual consolidated financial statements for the year ended August 31, 2014, which are available at www.sedar.com and on the Company’s website at www.corusent.com.

These interim condensed consolidated statements of the Company for the three and twelve months ended August 31, 2015 were authorized for issue in accordance with a resolution of the Company’s Board of Directors on October 21, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The interim condensed consolidated financial statements have been prepared on a cost basis, except for derivative financial instruments and available-for-sale financial assets, which have been measured at fair value. The interim condensed consolidated financial statements are presented in Canadian dollars, which is also the Company’s functional currency and all values are rounded to the nearest thousand, except where otherwise noted. Each entity consolidated by the Company determines its own functional currency based on the primary economic environment in which the entity operates.

CORUS ENTERTAINMENT INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
August 31, 2015

(in thousands of Canadian dollars, except per share information)

Changes in accounting policies

IAS 36 – Impairment of Assets

The Company has early adopted the amendments of IAS 36, *Recoverable Amount of Disclosures for Non-Financial Assets*, effective September 1, 2013. These amendments amend the disclosure requirement relating to non-financial assets such that companies are required to disclose the recoverable amount of an asset (or Cash Generating Unit (“CGU”)) only in periods in which impairment has been recorded or reversed in respect of that asset (or CGU). The amendments also expand and clarify the disclosure requirements when an asset’s (or CGU’s) recoverable amount has been determined on the basis of fair value less costs to sell (“FVLCS”). The amendment is effective for annual periods beginning on or after January 1, 2014, retrospectively, with early adoption permitted. The Company has elected to early adopt the provisions of these amendments in its annual audited consolidated financial statements.

IFRIC 21 – Levies

In May 2013, the IFRS Interpretations Committee (“IFRIC”), with the approval of the IASB, issued IFRIC 21 – *Levies*. IFRIC 21 provides guidance on when to recognize a liability to pay a levy imposed by government that is accounted for in accordance with IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014, which will be September 1, 2014 for Corus and is to be applied retrospectively. The adoption of this standard had no impact on the Company’s consolidated financial statements.

Pending accounting changes

IFRS 9 – Financial Instruments: Classification and Measurement

In July 2014, the IASB issued the final version of IFRS 9 – *Financial Instruments* which reflects all phases of the financial instrument project and replaces IAS 39 – *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for recognition and measurement impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – *Revenue from Contracts with Customers*, which replaces IAS 18 – *Revenues* and covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2017, which will be September 1, 2017 for Corus. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

CORUS ENTERTAINMENT INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

August 31, 2015

(in thousands of Canadian dollars, except per share information)

IAS 16 – Property, Plant and Equipment and IAS 38 – Intangibles

In May 2014, the IASB issued amendments to IAS 16 and IAS 38, prohibiting the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortization for intangible assets. These amendments are effective for annual periods beginning on or after January 1, 2016, which will be September 1, 2016 for Corus and is to be applied prospectively. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

4. INTANGIBLES, INVESTMENTS AND OTHER ASSETS

	Intangibles	Investments in associates	Other assets	Total
Balance – August 31, 2014	16,983	8,587	22,060	47,630
Increase (decrease) in investment	8,070	7,585	5,148	20,803
Amortization of intangibles	(7,422)	—	—	(7,422)
Fair value adjustment	—	—	(422)	(422)
Balance – August 31, 2015	17,631	16,172	26,786	60,589

5. PROGRAM AND FILM RIGHTS

Program rights

Balance – August 31, 2014	330,437
Net additions	229,597
Impairment charges	(30,678)
Amortization	(213,457)
Balance – August 31, 2015	315,899

Film investments

Balance – August 31, 2014	63,455
Impairment charges	(21,109)
Net additions	22,054
Amortization	(27,851)
Balance – August 31, 2015	36,549

During the third quarter, the Company undertook a strategic, in-depth review of the television programming slate to determine what programming best positioned its television services in the new regulatory environment. Programs that were not delivering adequate audience ratings were considered impaired and were written down accordingly. In addition, certain film investments were also considered impaired and written down accordingly. These film investments primarily related to certain boys action properties from Nelvana which are no longer supported by merchandising sales as the current lifecycle of the toy properties have ended. In addition, equity film investments made

CORUS ENTERTAINMENT INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
August 31, 2015

(in thousands of Canadian dollars, except per share information)

by the Pay TV vertical were written down as well, as the present value of the expected cash flows for these investments no longer supported their carrying value. As a result, the Company has recorded non-cash impairment charges in program rights and film investments of \$51.8 million in the third quarter of fiscal 2015. These charges are excluded from the determination of segment profit.

6. BROADCAST LICENSES AND GOODWILL

Broadcast licenses and goodwill are tested for impairment annually as at August 31 or more frequently if events or changes in circumstances indicate that they may be impaired. During the second quarter of fiscal 2015, the Company concluded that an interim test for the Radio segment and broadcast license impairment test for certain Cash Generating Units ("CGUs") in Radio were required. As a result of these tests, the Company recorded broadcast license and goodwill impairment charges of \$130.0 million in the second quarter of fiscal 2015, as certain radio clusters had actual results that fell short of previous estimates and the outlook for these markets is less robust.

The changes in the book value of broadcast licenses for the period ended August 31, 2015, were as follows:

	Total
Balance – August 31, 2014	979,984
Impairments (note 7)	(23,000)
Balance – August 31, 2015	956,984

The changes in the book value of goodwill for the period ended August 31, 2015, were as follows:

	Total
Balance – August 31, 2014	934,859
Impairments (note 7)	(107,000)
Balance – August 31, 2015	827,859

7. IMPAIRMENT TESTING

At each reporting date, the Company is required to assess its intangible assets and goodwill for potential indicators of impairment, such as an adverse change in business climate that may indicate that these assets may be impaired. If any such indication exists, the Company is required to perform an impairment test.

The test for impairment of either an intangible asset or goodwill is to compare the recoverable amount of the asset or CGU to the carrying value. The recoverable amount is the higher of an asset's or CGU's FVLCS and its value in use ("VIU"). The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets (such as broadcast licenses and goodwill) and the asset's VIU cannot be determined to equal its FVLCS. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

CORUS ENTERTAINMENT INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
August 31, 2015

(in thousands of Canadian dollars, except per share information)

In determining FVLCS, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The VIU calculation uses cash flow projections, generally for a five-year period, and a terminal value. The terminal value is the value attributed to the CGU's operations beyond the projected period using a perpetuity growth rate. The key assumptions in the VIU calculations are segment profit growth rates (for periods within the cash flow projections and in perpetuity for the calculation of the terminal value) and discount rates.

Segment profit growth rates are based on management's best estimates considering historical and expected operating plans, strategic plans, economic considerations and the general outlook for the industry and markets in which the CGU operates. The projections are prepared separately for each of the Company's CGUs to which the individual assets are allocated and are based on the most recent financial budgets approved by the Company's Board of Directors and management forecasts generally covering a period of five years with growth rate assumptions. For longer periods, a terminal growth rate is determined and applied to project future cash flows after the fifth year. This growth rate is based on management's best estimates considering the industry, operating income trends and growth prospects for that specific CGU or group of CGUs.

The discount rate applied to each asset, CGU or group of CGUs to determine VIU is a pre-tax rate that reflects an optimal debt-to-equity ratio and considers the risk-free rate, market equity risk premium, size premium and the risks specific to each asset's or CGU's cash flow projections. In calculating the VIU, the Company uses an appropriate range of discount rates in order to establish a range of values for each CGU or group of CGUs.

If the recoverable amount of a CGU or group of CGUs is less than its carrying amount, an impairment loss is recognized.

During the second quarter of fiscal 2015, the Company tested certain CGUs in its Radio segment for impairment with respect to broadcast licenses and the Radio segment group of CGUs overall for goodwill impairment. The tests were performed using the assumptions in the table below:

February 28, 2015	
For the Radio segment and CGUs VIU calculations in the period:	
Pre-tax discount rate	13% - 16%
Earnings growth rate	0.3% - 2.0%
Terminal growth rate	2.0%

In the second quarter, the Company determined that there were broadcast license impairments in three Radio CGUs in Ontario and one in British Columbia. For three CGUs, the Company used VIU to determine the recoverable amount, which resulted in an impairment charge of \$19.5 million, while FVLCS was used for the remaining CGU, which resulted in an impairment charge of \$3.5 million that reduced the carrying value (primarily broadcast licenses) of these CGUs to their recoverable amount.

The recoverable amount for the Radio segment group of CGUs' overall goodwill impairment test was based on VIU. In the second quarter, the Company recognized an impairment charge of

CORUS ENTERTAINMENT INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
August 31, 2015

(in thousands of Canadian dollars, except per share information)

\$107.0 million, based on the conclusions stated in the preceding paragraph. The recoverable amount and carrying value of the Radio segment group of CGUs after the impairment charge is \$246.6 million.

Sensitivity to changes in assumptions

An increase of 50 basis points in the pre-tax discount rate, a decrease of 50 basis points in the earnings growth rate each year, or a decrease of 50 basis points in the terminal growth rate, each used in isolation to perform the Radio broadcast license and goodwill impairment tests, would not have resulted in a material change in either the broadcast license or goodwill impairment in the Radio segment.

At August 31, 2015, the Company performed its annual impairment test for fiscal 2015 and determined that there were no further impairments, than those recorded in the second quarter of fiscal 2015, for the year then ended.

The carrying amount of broadcast licenses and goodwill allocated to each CGU and/or group of CGUs are set out in the following tables:

	2015	2014
Broadcast licenses		
Television		
Managed brands	825,000	825,000
Other	7,424	7,424
Radio ⁽¹⁾	124,560	147,560
	956,984	979,984

⁽¹⁾ Broadcast licenses for Radio consist of all Radio CGUs combined. There is no individual Radio CGU that comprises more than 10% of the total broadcast license balance.

	2015	2014
Goodwill		
Television	760,760	760,760
Radio	67,099	174,099
	827,859	934,859

8. LONG-TERM DEBT

	2015	2014
Bank loans	258,968	333,677
Senior unsecured guaranteed notes	550,000	550,000
Unamortized financing fees	(7,966)	(9,426)
	801,002	874,251
Less: current portion of bank loans	(150,000)	—
	651,002	874,251

CORUS ENTERTAINMENT INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
August 31, 2015

(in thousands of Canadian dollars, except per share information)

Interest rates on the balance of the bank loans fluctuate with Canadian bankers' acceptances and/or LIBOR. As at August 31, 2015, the weighted average interest rate on the outstanding bank loans and Notes was 3.9% (2014 – 3.9%). Interest on the bank loans and Notes averaged 4.2% for the fourth quarter and 4.1% for fiscal 2015 (2014 – 4.2% and 4.2%).

The banks hold as collateral a first ranking charge on all assets and undertakings of Corus and certain of Corus' subsidiaries as designated under the credit agreement. Under the facility, the Company has undertaken to comply with financial covenants regarding a minimum interest coverage ratio and a maximum debt to cash flow ratio. Management has determined that the Company was in compliance with the covenants provided under the bank loans as at August 31, 2015.

A syndicate of lenders has provided Corus with a senior secured revolving (the "Revolving Facility") and a senior secured term credit facility (the "Term Facility") under the Amended and Restated Credit Agreement dated February 3, 2014 as further amended February 25, 2015 (the "facility").

On February 25, 2015, the Company's credit agreement was amended to extend the maturity date of the Revolving Facility which consists of a committed credit of \$500.0 million from February 11, 2017 to February 25, 2019. As a revolving facility, amounts borrowed may be repaid and re-borrowed as required through the term of the Revolving Facility. The commitment expires at the maturity date and there are no mandatory reductions to the committed amount, subject to certain covenants, during the term of the facility. As at August 31, 2015, approximately \$110.0 million of the Revolving Facility was utilized.

On February 3, 2014, the Company's credit agreement was amended and restated to establish a two year \$150.0 million term facility, which is incremental to the existing \$500.0 million Revolving Facility. The \$150.0 million Term Facility was fully drawn on inception and the proceeds were used to reduce the amount drawn on the Revolving Facility at that time. The Term Facility matures February 3, 2016 and as a result is classified as current on the Statement of Financial Position. As a term facility the amount borrowed may be repaid but once repaid is no longer available to re-borrow. As at August 31, 2015, the Term Facility was fully drawn.

On February 3, 2014, the Company entered into Canadian dollar interest rate swap agreements to fix the interest rate on the \$150.0 million Term Facility at 1.375%, plus an applicable margin, to February 3, 2016. The fair value of Level 2 financial instruments such as interest rate swap agreements is calculated by way of discounted cash flows, using market interest rates and applicable credit spreads. The Company has assessed that there is no ineffectiveness in the hedge of its interest rate exposure. The effectiveness of the hedging relationship is reviewed on a quarterly basis. As an effective hedge, unrealized gains or losses on the interest rate swap agreements are recognized in OCI.

The Company's \$550.0 million principal amount of 4.25% Senior Unsecured Guaranteed Notes ("Notes") are due on February 11, 2020.

CORUS ENTERTAINMENT INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

August 31, 2015

(in thousands of Canadian dollars, except per share information)

9. SHARE CAPITAL

Authorized

The Company is authorized to issue, upon approval of holders of no less than two-thirds of the existing Class A shares, an unlimited number of Class A participating shares ("Class A Voting Shares"), as well as an unlimited number of Class B non-voting participating shares ("Class B Non-Voting Shares"), Class A Preferred Shares, and Class 1 and Class 2 Preferred Shares.

Issued and outstanding

	Class A Voting Shares		Class B Non-Voting Shares		Total
	#	\$	#	\$	\$
Balance – August 31, 2014	3,428,292	26,549	82,335,593	940,781	967,330
Conversion of Class A Voting Shares to Class B Non-Voting Shares	(2,500)	(20)	2,500	20	—
Issuance of shares under stock option plan	—	—	320,200	6,741	6,741
Issuance of shares under dividend reinvestment plan	—	—	1,096,494	20,500	20,500
Balance – August 31, 2015	3,425,792	26,529	83,754,787	968,042	994,571

Earnings (loss) per share

The following is a reconciliation of the numerator and denominator (in thousands) used for the computation of the basic and diluted earnings (losses) per share amounts:

	Three months ended August 31,		Year ended August 31,	
	2015	2014	2015	2014
Net income (loss) attributable to shareholders (numerator)	17,835	23,727	(25,154)	150,408
Weighted average number of shares outstanding (denominator)				
Weighted average number of shares outstanding – basic	86,961	85,455	86,441	84,993
Effect of dilutive securities	—	320	38	334
Weighted average number of shares outstanding – diluted	86,961	85,775	86,479	85,327

The calculation of diluted earnings (losses) per share for both the fourth quarter and the year ended August 31, 2015 excluded 2,691,214 and 2,161,067 (2014 – 20,200 and 12,618) weighted average

CORUS ENTERTAINMENT INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
August 31, 2015

(in thousands of Canadian dollars, except per share information)

Class B Non-Voting Shares issuable under the Company's Stock Option Plan because these options were not "in-the-money".

Share-based compensation

The following table provides additional information on the employee stock options, Performance Share Units ("PSUs"), Deferred Share Units ("DSUs"), and Restricted Share Units ("RSUs") as at:

	August 31, 2015	August 31, 2014
Outstanding employee stock options	2,560,873	2,561,373
Exercisable employee stock options	1,171,548	1,197,823
Outstanding PSUs	955,896	954,464
Outstanding DSUs	740,338	861,302
Outstanding RSUs	149,568	142,313

Share-based compensation expense (recovery) recorded for the fourth quarter and the year ended August 31, 2015 in respect of these plans was a recovery of \$414 and expense of \$2,723 (2014 – \$3,560 and \$10,876). As at August 31, 2015, the carrying value of the PSU, DSU and RSU units that have vested, multiplied by the closing share price at the end of the year was \$19,820 (August 31, 2014 – \$28,715).

Dividend reinvestment plan

In fiscal 2015, the Company issued 1,096,494 Class B Non-Voting Shares, resulting in an increase in share capital of \$20,500.

10. DIRECT COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended August 31,		Year ended August 31,	
	2015	2014	2015	2014
Direct cost of sales				
Amortization of program rights	51,676	53,871	213,457	207,639
Amortization of film investments	9,441	6,552	27,851	19,808
Other cost of sales	7,061	8,277	24,802	27,615
General and administrative expenses				
Employee costs	34,520	37,806	137,430	149,459
Other general and administrative	35,408	36,702	134,588	138,857
	138,106	143,208	538,128	543,378

CORUS ENTERTAINMENT INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
August 31, 2015
(in thousands of Canadian dollars, except per share information)

11. INTEREST EXPENSE

	Three months ended August 31,		Year ended August 31,	
	2015	2014	2015	2014
Interest on long-term debt	8,334	8,918	34,558	32,121
Imputed interest on long-term liabilities	3,567	3,713	14,620	14,698
Other	468	362	1,758	1,501
	12,369	12,993	50,936	48,320

12. OTHER EXPENSE (INCOME), NET

	Three months ended August 31,		Year ended August 31,	
	2015	2014	2015	2014
Interest income	(162)	(273)	(225)	(722)
Foreign exchange loss (gain)	443	155	5,034	649
Equity loss (earnings) of investees	621	683	3,299	2,391
Investment in associates impairment charges	—	(962)	—	(962)
Increase in purchase price obligation	—	—	—	3,336
Venture fund distribution	—	—	(16,964)	—
Other	1,672	(1,079)	(1,261)	1,048
	2,574	(1,476)	(10,117)	5,740

During the second quarter, the Company received cash proceeds of \$18,490 from Steamboat Ventures relating to its disposal of an investment, of which \$1,526 relates to a return on capital.

13. INCOME TAXES

The reconciliation of income taxes attributable to operations computed at the statutory rates to income tax expense for fiscal 2015 and 2014 is as follows:

	Year ended August 31, 2015		Year ended August 31, 2014	
	\$	%	\$	%
Tax at combined federal and provincial rates:	3,047	26.5%	55,641	26.6%
Loss subject to tax at less than statutory rates	1,902	16.5%	632	0.3%
Non-taxable portion of capital gains	(2,236)	(19.5%)	(34,063)	(16.3%)
Transaction costs	(465)	(4.1%)	9,949	4.7%
Goodwill impairment	28,389	247.0%	17,340	8.3%
Increase (recovery) of various tax reserves	(1,570)	(13.7%)	2,505	1.2%
Miscellaneous differences	1,926	17.0%	1,429	0.7%
	30,993	269.7%	53,433	25.5%

CORUS ENTERTAINMENT INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
August 31, 2015
(in thousands of Canadian dollars, except per share information)

14. BUSINESS SEGMENT INFORMATION

The Company's business activities are conducted through two segments: Television and Radio.

Television

The Television segment is comprised of specialty television networks, pay television services, conventional television stations, and the Corus content business, which consists of the production and distribution of films and television programs, merchandise licensing, publishing and animation software. Revenues are generated from subscriber fees, advertising and the licensing of proprietary films and television programs, merchandise licensing, publishing and animation software sales.

Radio

The Radio segment comprises 39 radio stations, situated primarily in high-growth urban centres in English Canada, with a concentration in the densely populated area of Southern Ontario. Revenues are derived from advertising aired over these stations.

Corporate results represent the incremental cost of corporate overhead in excess of the amount allocated to the other operating segments.

Management evaluates each division's performance based on revenues less direct cost of sales, general and administrative expenses. Segment profit excludes depreciation and amortization, interest expense, restructuring, impairments and certain other income and expenses.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies of the most recent annual audited consolidated financial statements.

Revenues and segment profit

Three months ended August 31, 2015

	Television	Radio	Corporate	Consolidated
Revenues	154,338	39,261	—	193,599
Direct cost of sales, general and administrative expenses	101,763	30,758	5,585	138,106
Segment profit (loss)	52,575	8,503	(5,585)	55,493
Depreciation and amortization				6,138
Interest expense				12,369
Business acquisition, integration and restructuring costs				8,337
Other expense (income), net				2,574
Income before income taxes				26,075

CORUS ENTERTAINMENT INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

August 31, 2015

(in thousands of Canadian dollars, except per share information)

Three months ended August 31, 2014

	Television	Radio	Corporate	Consolidated
Revenues	159,809	41,748	—	201,557
Direct cost of sales, general and administrative expenses	102,773	32,246	8,189	143,208
Segment profit (loss)	57,036	9,502	(8,189)	58,349
Depreciation and amortization				5,415
Interest expense				12,993
Business acquisition, integration and restructuring costs				5,576
Other expense (income), net				(1,476)
Income before income taxes				35,841

Year ended August 31, 2015

	Television	Radio	Corporate	Consolidated
Revenues	653,770	161,545	—	815,315
Direct cost of sales, general and administrative expenses	393,641	124,538	19,949	538,128
Segment profit (loss)	260,129	37,007	(19,949)	277,187
Depreciation and amortization				24,057
Interest expense				50,936
Broadcast license and goodwill impairment				130,000
Intangible asset impairment				51,786
Business acquisition, integration and restructuring costs				19,032
Other expense (income), net				(10,117)
Income before income taxes				11,493

Year ended August 31, 2014

	Television	Radio	Corporate	Consolidated
Revenues	660,424	172,592	—	833,016
Direct cost of sales, general and administrative expenses	387,151	127,105	29,122	543,378
Segment profit (loss)	273,273	45,487	(29,122)	289,638
Depreciation and amortization				24,068
Interest expense				48,320
Broadcast license and goodwill impairment				83,000
Gain on acquisition				(127,884)
Business acquisition, integration and restructuring costs				46,792
Other expense (income), net				5,740
Income before income taxes				209,602

CORUS ENTERTAINMENT INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
August 31, 2015
(in thousands of Canadian dollars, except per share information)

The following tables present further details on the operating segments within the Television and Radio segments:

Revenues are derived from the following areas:

	Three months ended August 31,		Year ended August 31,	
	2015	2014	2015	2014
Advertising	78,052	85,063	377,375	404,344
Subscriber fees	85,379	86,075	340,320	335,274
Merchandising, distribution and other	30,168	30,419	97,620	93,398
	193,599	201,557	815,315	833,016

Segment assets and liabilities

	August 31, 2015	August 31, 2014
Assets		
Television	2,167,342	2,222,597
Radio	264,730	386,454
Corporate	200,037	175,531
	2,632,109	2,784,582
Liabilities		
Television	460,800	427,965
Radio	72,976	71,609
Corporate	878,422	974,882
	1,412,198	1,474,456

Assets and liabilities are located primarily within Canada.

15. CONSOLIDATED STATEMENT OF CASH FLOWS

Interest paid, interest received and income taxes paid and classified as operating activities are as follows:

	Three months ended August 31,		Year ended August 31,	
	2015	2014	2015	2014
Interest paid	14,512	15,026	36,175	33,667
Interest received	162	273	225	722
Income taxes paid	7,050	12,497	27,676	50,249

