



ENTERTAINMENT



ANNIVERSARY

OUR STORY HAS JUST BEGUN

Annual Report 2014

TABLE OF CONTENTS

28	Message to Shareholders
32	List of Assets
34	Directors
34	Officers
35	Management's Discussion and Analysis
66	Management's Responsibility for Financial Reporting
67	Independent Auditors' Report
68	Consolidated Statements of Financial Position
69	Consolidated Statements of Income and Comprehensive Income
70	Consolidated Statements of Changes in Shareholders' Equity
71	Consolidated Statements of Cash Flows
72	Notes to Consolidated Financial Statements
117	Corporate Information



MOVIE
CENTRAL

HBO
CANADA

ENCORE
AVENUE

sundance
CHANNEL

SÉRIES+

HISTORIA

YTV

Treehouse

TELETOON

TELETOON
Retro

nick

CN
CARTOON NETWORK

CORUS TELEVISION

24 Television networks targeted to kids, women, family and pay TV audiences

84% of Canadians watch a Corus Television network each week

16,000 hours of video on demand is available each month



NETWORK





Showtime's *Ray Donovan* on Movie Central



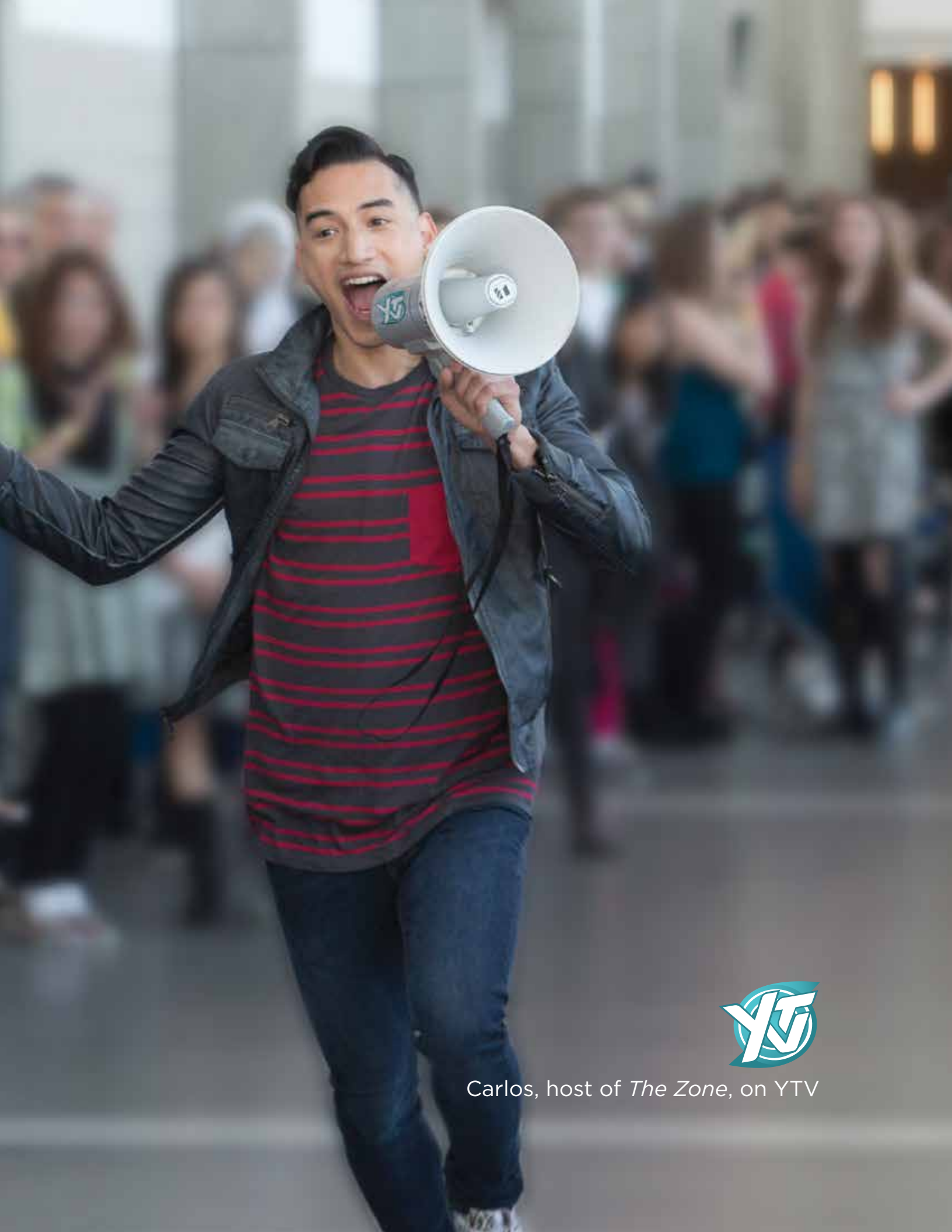




NETWORK

Love It or List It Vancouver on W Network





Carlos, host of *The Zone*, on YTV



SÉRIES+

La Marraine on Séries+





CORUS RADIO

39 radio stations in 8 out of Canada's top 10 markets

7.7 MILLION Canadians tune in to a Corus Radio station each week

6.2 MILLION hours of content streamed from Corus Radio stations each month





...n's Best Rock
M96







102.1^{the}edge

The Lumineers perform at *Edgefest*





NELVANA[™]
A Corus[®] Entertainment Inc. Company

Nelvana's *Little Charmers*





KIDS CAN PRESS

65 MILLION copies of Franklin the Turtle books sold in 30 languages around the world

2 MILLION copies of the Scaredy Squirrel book series sold worldwide

500,000 books from the CitizenKid series sold in North America

8 Governor General's Literary Awards





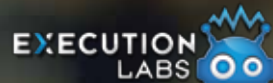
 KIDS CAN PRESS

Up the Creek by Nicholas Oldland





INNOVATIVE INVESTMENTS





Heather A. Shaw, Executive Chair; **John M. Cassaday**, President and CEO

Message to Shareholders

In September 2014, Corus Entertainment reached an important milestone, celebrating our 15th year as a publicly traded company. From our modest beginnings, with three specialty television networks and 11 radio stations, Corus has grown to become one of Canada’s leading entertainment companies – a powerhouse in television with popular Women, Family, Millennial and Kids brands; the home of iconic pay television services; a major radio operator with 39 stations extending from British Columbia to Ontario in eight of Canada’s 10 largest markets; the creator and distributor of world-class animation content; the largest publisher of children’s books in Canada; and owner of an Emmy® award-winning animation software company. We have been engaging audiences since 1999 and our story has just begun.

THE FIRST 15

When Corus launched on September 1, 1999, the Company established five core values – Accountability, Initiative, Innovation, Knowledge and Teamwork – which drive our success and define our corporate culture. We began with CMT Canada, YTV, Canada’s first Kids network, and our preschool service Treehouse. From that foundation, we have grown to become a major force in kids and family television. Today, over 90% of Canadian children tune in to Corus’ portfolio of Kids channels every week.

Over the years, we grew the Company quickly with a number of major television, radio and content acquisitions. In 2000, we increased our radio portfolio and acquired Western Canada’s pay television channels, which today include premium brands like Movie Central and HBO Canada. We saw the value of owning content early, and in 2001, we acquired the world-renowned animation studio Nelvana, which now has a library of over 4,200 kids titles. Nelvana provided a gateway for us to expand into international markets and today, we sell our multilingual kids content in more than 160 countries around the world. In 2001, we also acquired WTN, which we rebranded as W Network, launching a new vertical focusing on women. W Network has become the #1 specialty service for women and is the anchor of our dynamic portfolio of services targeted to female audiences.

1999

Corus Entertainment launches as a publicly traded company

2000

Corus acquires western Pay TV services, 12 radio stations, Nelvana, Kids Can Press and a greater interest in TELETOON

2001

Corus acquires controlling interest in TLN Teletino and Metromedia’s radio assets

2002

WTN is rebranded as W Network

Corus continued to expand, building new partnerships and brands and acquiring more assets. In 2010, the Company moved into Corus Quay, a fully-digitized, LEEDS® Gold-certified media and broadcast centre on Toronto's waterfront. This has been a game changer, providing us with the technology, scalability and capabilities to position the Company for growth. In 2014, we consolidated TELETOON's five specialty networks and entered the Quebec specialty television market, launching Corus Média with the acquisition of the leading services Historia and Séries+. Corus Média is a significant new entrant in Quebec, representing more than 20% of the specialty television market. We also achieved our goal of expanding into the Ottawa radio market with the purchase of two radio stations.

In addition to building a portfolio of strong and recognizable brands and assets, we have delivered significant value to our shareholders. Since the Company's inception, Corus has grown from an asset base of \$862 million to \$2.8 billion. On a 15-year compound annual basis, our revenue has grown by 12% to \$833 million, and our segment profit has grown by 13% to \$290 million. We are also committed to being good corporate citizens. In 2012, we launched our philanthropic initiative, Corus Feeds Kids, which has been embraced by our employees, and over the past 15 years, we have made a significant contribution to this and other charitable causes, raising more than \$210 million to help the communities we serve.

FISCAL 2014 AND EARLY 2015

2014 was a successful year for the Company, with the seamless integration of our acquisitions and our expansion into new markets. In fact, we exceeded our synergy targets and our acquisitions were immediately accretive to EPS and free cash flow. We grew revenues by 11%, matched our best ever performance in earnings and margins, with segment profit up an impressive 15%, and delivered record free cash flow of \$175 million, up 13% for the year.

Radio ratings in our key markets were soft, leading to lower-than-expected advertising revenues. In response, we implemented aggressive turnaround plans that are gaining traction as we head into 2015, with ratings starting to recover in key markets. We invested in research and programming while focusing on disciplined cost controls, resulting in segment profit margins of 26%.

In our Television business, growth was largely attributable to our acquisitions. Advertising revenues on our core Women's networks were down, mainly due to softness in the Consumer Packaged Goods category, which temporarily diverted spending into tent-pole sporting events in the year. We believe the spending from this category will self-correct in the back half of fiscal 2015. On the ratings front, we were pleased to see that audience delivery on our core television brands remains strong, with solid ratings on our Women's and Kids networks, and we expect this momentum to continue into fiscal 2015. Our pay television business saw some subscriber softness, and we recently addressed this by strengthening our product offering, successfully locking up back-library rights on all current HBO series to significantly enhance the value proposition for subscribers. Overall, the division delivered excellent segment profit margins of 41% for the year, up from 40% last year.

In October, we revised our guidance for fiscal 2015, concurrent with the release of our year-end financial results, to reflect continued uncertainty in the advertising markets, lowering our consolidated segment profit guidance to a range of \$300 to \$320 million. The upper end of the range reflects the potential upside from our strong operating leverage, should there be an improvement in the current economic and advertising environment. We are confident that with our strong brands and ratings, we are well positioned heading into fiscal 2015. As well, with our strong free cash flow performance in fiscal 2014, we increased our guidance to \$180 million plus for fiscal 2015.

2003

Corus' first dividends are paid to shareholders

2004

Corus is named Employer of the Year by Canadian Women in Communications

2005

Corus launches Treehouse On-Demand, Canada's first SVOD service for kids

2006

Corus acquires an additional interest in TELETOON, bringing its total ownership of the network to 50%

Strategic Priorities

Own More Content

Strengthen Key Partnerships

Expand into New Markets

Grow Organically

FOUR STRATEGIC PRIORITIES FOR GROWTH

Our differentiated portfolio of brands and assets is unique in Canada. As we move forward, we will focus on four strategic priorities for growth, building on our strengths and capabilities.

1. OWN MORE CONTENT

The ability to own and exploit content across all platforms is critical to our long-term success. To complement our expertise in creating kids content, we are expanding into the realm of unscripted reality to create more Corus-owned programming for our Women and Family networks. We will work hard to maximize the value of our owned women's, family and kids' content across various windows and through sales of format-rights in the international market.

As part of our content strategy, we are also teaming up with a number of top-tier content creators to co-develop original series. For example, we recently entered into a groundbreaking partnership with the primetime animation production studio Bento Box, creator of hits like *Bob's Burgers* and *The Awesomes*. This deal enables us to create a slate of co-owned series targeted to millennials to fuel our TELETOON at Night brand, and for linear and digital distribution in the U.S. and the international marketplace.

2. STRENGTHEN KEY PARTNERSHIPS

Corus has a proven track record as a trusted brand steward of best-in-class global media companies, partnering with Time Warner on our pay television offering HBO (Canada), Hearst Corporation on Cosmopolitan TV, Discovery Communications on OWN: Oprah Winfrey Network (Canada), Viacom on Nickelodeon (Canada) and CMT (Canada), AMC Networks on Sundance Channel (Canada) and The Walt Disney Company on ABC Spark. We will continue to deepen these strong partnerships.

As a well-known and respected producer and distributor of kids content, we also have excellent partnerships with the biggest global content and toy companies. Nelvana's strong pipeline of toyetic properties, including the girls preschool brand Little Charmers and the boys action franchise Mysticons, developed with Michael Eisner's Tornante Co., are just a few examples of how we are leveraging these global relationships.

To meet the evolving needs of our consumers, we continue to innovate with our cable, satellite and telecommunications distributors to deploy more of our content across all platforms. This spring, we will launch a number of our television brands as TV Everywhere apps, starting with Treehouse, to give subscribers more access to our content anytime and anywhere.

3. EXPAND INTO NEW MARKETS

In addition to our recent expansion into the Quebec television market and our plans to apply for new French-language specialty television licenses, we are actively enhancing our business with investments in companies that give us access to new areas of growth. We have invested in three venture capital funds – Relay Ventures, which focuses

2007

Corus partners with Hearst Corporation on a strategic joint venture to bring Cosmopolitan TV to Canada

2008

Corus launches HBO Canada

2009

Corus launches Nickelodeon (Canada)

2010

Corus Quay is established. Corus is named one of Canada's Top Employers for Young People

on mobile companies; Steamboat Ventures, which has already created value for us through their position in Go-Pro; and Gibraltar, which aims to identify the next cohort of great Canadian technology companies. We have investments in two incubators – Execution Labs, which gives us a window into the mobile gaming space; and ideaBoost, which focuses on media and technology.

We also have a significant ownership position in Fingerprint Digital, a mobile gaming and video platform for kids and families, and we are currently co-developing our first mobile app with them around our Treehouse brand, which is set to launch globally in 2015. Media giant DreamWorks has also recognized Fingerprint's value, recently becoming a shareholder through a follow-on investment. Finally, we have a substantial stake in Kin Community, the largest women's lifestyle Multi-Channel Network on YouTube, with over 268 million video views per month. Kin Community is a strong digital complement to our Women's television brands, providing us with greater scale and unique solutions for our advertisers.

4. GROW ORGANICALLY

With our impressive portfolio of businesses, we are well positioned for growth. In our television division, our networks are strong with key audiences - women, millennials, family and kids. We expect the strength of our brands and our deep content offering will continue to drive positive ratings momentum on our core services. At home and abroad, the emergence of new multi-platform offerings and buyers in the digital space is providing us with more outlets and opportunities for our robust pipeline of content. In our Radio business, our operations are fully-focused on growing audiences and ratings, and solid progress is being made on that front. Many of our large market stations have been reformatted, refreshed and rebranded, and we are seeing encouraging signs of improvement in key markets, which we expect to translate into advertising gains in the back end of the year. Radio is also leveraging the Company's investment in the digital marketing platform SoCast to drive further digital sales and audience engagement. Deployed across Corus' suite of radio stations, this website platform enables Radio's on-air talent to connect with audiences on social media, while they are live on air, creating more touch points with listeners.

LOOKING AHEAD

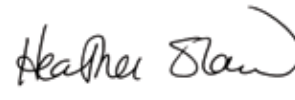
It has been an incredible journey for Corus over the past 15 years and we are proud of our achievements. We have an excellent portfolio of assets that delivers highly targeted audiences and great content that is enjoyed by millions of people every day. With Corus Quay, we have the technological capabilities to be agile and responsive in today's highly dynamic and evolving media environment. We have a deep pipeline of strategic investments that complement our core business and we have an experienced leadership team who are committed to executing our four strategic priorities.

When Corus was founded, our goal was to build value for our shareholders and, 15 years later, we continue to deliver on that commitment. We have a proven track record for delivering value to our shareholders with some of the best operating margins in the business, compelling free cash flow and an attractive dividend yield. Our fundamentals are sound and we are well positioned for the next chapter of our Company's success. We are excited about our future opportunities and our story has just begun.

We would like to thank our employees for their contributions, our Board of Directors for their continued support and guidance, and our shareholders for their ongoing confidence in our Company.



John M. Cassaday
President and CEO



Heather A. Shaw
Executive Chair

2011

Corus launches OWN: Oprah Winfrey Network (Canada). Kids Can Press has sold 65 million Franklin books

2012

Corus launches its national philanthropic initiative Corus Feeds Kids. Corus acquires Toon Boom

2013

Corus' acquisition of Historia, Séries+ and remaining 50% of TELETOON approved by CRTC. Nelvana wins an Emmy® award

2014

Corus enters the Ottawa radio market. Corus is named one of the Top 100 Canadian Brands

CORUS TELEVISION

Women & Family



Kids



Corus Média (Québec)



Pay TV



Other







STRATEGIC INVESTMENTS



(*Assets in which Corus Entertainment has less than a 50% equity position)

CORUS RADIO

Vancouver, British Columbia

 CHMJ-AM AM730 All Traffic All The Time	 CKNW-AM CKNW News-Talk 980	 CFMI-FM Rock 101	 CFOX-FM The World Famous CFOX
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Calgary, Alberta

 CHQR-AM News Talk 770	 CFGQ-FM Q107	 CKRY-FM Country 105
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Edmonton, Alberta

 CHED-AM 630 CHED	 CHQT-AM iNews880	 CISN-FM CISN COUNTRY 103.9	 CKNG-FM 925 Fresh Radio
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Winnipeg, Manitoba

 CJOB-AM 680 CJOB	 CJGV-FM 99.1 Fresh Radio	 CJKR-FM Power 97
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Barrie/Collingwood, Ontario

 CHAY-FM chay today @ 93.1 fm	 CIQB-FM B101	 CKCB-FM 95.1 The Peak FM
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Cambridge/Kitchener, Ontario

 CJDV-FM 107.5 DAVE FM	 CKBT-FM 91.5 The Beat
--	--

Cornwall, Ontario

 CFLG-FM 104.5 Fresh Radio	 CJSS-FM boom 101.9
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Guelph, Ontario

 CJOY-AM 1460 CJOY	 CIMJ-FM Magic 106.1
--	--





Hamilton, Ontario

 CHML-AM AM 900 CHML	 CING-FM 95.3 Fresh Radio	 CJXY-FM Y108
--	---	---



Kingston, Ontario

 CKWS-FM Hits 104.3	 CFMK-FM FM96
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London/Woodstock, Ontario

 CFPL-AM AM980	 CFHK-FM 103.1 Fresh Radio	 CFPL-FM FM96	 CKDK-FM Country 104
--	--	---	--

Ottawa, Ontario

 CKQB-FM JUMP! 106.9	 CJOT-FM boom 99.7
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Peterborough, Ontario

 CKRU-FM Hits 100.5	 CKWF-FM THE WOLF 101.5
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Toronto, Ontario

 CFMJ-AM Talk Radio AM640	 CFNY-FM 102.1 the Edge	 CILQ-FM Q107
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DIRECTORS

Fernand Bélisle

Member of the Audit Committee

John M. Cassaday

Member of the Executive Committee

Dennis Erker

Member of the Human Resources and Compensation Committee

Mark Hollinger

Carolyn Hursh

Chair of the Corporate Governance Committee
Member of the Executive Committee

Barry James

Member of the Audit Committee

Wendy A. Leaney

Member of the Audit Committee

Ronald D. Rogers CA

Chair of the Audit Committee
Member of the Executive Committee

Catherine Roozen

Member of the Human Resources and Compensation Committee

Terrance Royer

Chair of the Human Resources and Compensation Committee
Member of the Corporate Governance Committee
Member of the Executive Committee
Independent Lead Director of the Board of Directors

Heather A. Shaw

Chair of the Board of Directors
Chair of the Executive Committee

Julie M. Shaw

Vice Chair of the Board of Directors
Member of the Corporate Governance Committee

OFFICERS

Judy Adam CA

Vice President, Finance,
Corus Entertainment Inc.

John M. Cassaday

President and Chief
Executive Officer,
Corus Entertainment Inc.

Scott Dyer

Executive Vice President,
Strategic Planning and
Chief Technology Officer,
Corus Entertainment Inc.

Gary Maavara

Executive Vice President and
General Counsel, Corporate Secretary,
Corus Entertainment Inc.

Kathleen McNair

Executive Vice President,
Human Resources, Corporate
Communications and
Chief Integration Officer,
Corus Entertainment Inc.

Doug Murphy

Executive Vice President and
Chief Operating Officer,
Corus Entertainment Inc.

Thomas C. Peddie FCPA, FCA

Executive Vice President and
Chief Financial Officer,
Corus Entertainment Inc.

Heather A. Shaw

Executive Chair,
Corus Entertainment Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of the financial position and results of operations for the year ended August 31, 2014 is prepared at November 7, 2014. The following should be read in conjunction with the Company's August 31, 2014 audited consolidated financial statements and notes therein.

The financial information presented herein has been prepared on the basis of International Financial Reporting Standards ("IFRS"). All dollar amounts are in Canadian dollars unless specified otherwise. Per share amounts are calculated using the weighted average number of shares outstanding for the applicable period.

USE OF NON-GAAP FINANCIAL MEASURES

This Management's Discussion and Analysis includes the non-GAAP financial measures of adjusted net income, adjusted basic earnings per share and free cash flow that are not in accordance with, nor an alternate to, generally accepted accounting principles ("GAAP") and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles.

Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. They are limited in value because they exclude charges that have a material effect on the Company's reported results and, therefore, should not be relied upon as the sole financial measures to evaluate the Company's financial results. The non-GAAP financial measures are meant to supplement, and to be viewed in conjunction with, GAAP financial results. A reconciliation of the Company's non-GAAP measures is included in this report as well as the Report to Shareholders which is available on Corus' website at www.corusent.com.

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, we disclaim 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.

This document contains forward-looking statements about expected future events and the financial operating performance of the Company. Annual targets for fiscal 2015 and related assumptions are described in the *Outlook* section of this MD&A.

OVERVIEW

Corus Entertainment Inc. (“Corus” or the “Company”) commenced operations on September 1, 1999. On that date, pursuant to a statutory plan of arrangement, Corus was separated from Shaw Communications Inc. (“Shaw”) as an independently operated, publicly traded company and assumed ownership of Shaw’s radio broadcasting, specialty television, digital audio services and cable advertising services businesses, as well as certain investments held by Shaw.

Corus operates through two operating segments: Television and Radio. The Corporate results represent the incremental cost of corporate overhead in excess of the amount allocated to the operating segments. Generally, Corus’ financial results depend on a number of factors, including the strength of the Canadian national economy and the local economies of Corus’ served markets, local and national market competition from other broadcasting stations, platforms and other advertising media, government regulation, market competition from other distributors of animated programming and Corus’ ability to continue to provide popular programming.

TELEVISION

The Television segment is comprised of specialty television networks, pay television services, three 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. The Company’s multimedia entertainment brands include: YTV; Treehouse; Nickelodeon (Canada); ABC Spark; TELETOON, TÉLÉTOON, TELETOON Retro, TÉLÉTOON Rétro and 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 Peterborough, Kingston and Durham; 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); the Company’s majority interest in CMT (Canada), Teletatino (TLN, EuroWorld Sport, Mediaset Italia, Sky TG24, Teleniños, Univision (Canada) (formerly TLN en Español), Telemimbi, CineLatino), and Cosmopolitan TV.

Revenues for the specialty television networks are generated from subscriber fees and advertising. Revenues for pay television are generated from subscriber fees. Revenues for the conventional television stations are derived from advertising. Revenues for the content business are generated from licensing of proprietary films and television programs, merchandise licensing, publishing and animation software sales.

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. Revenues are derived from advertising aired over these stations.

ANNUAL SELECTED FINANCIAL INFORMATION

The following table presents summary financial information for Corus for each of the listed years ended August 31:

	2014	2013 ⁽²⁾	2012 ⁽²⁾	% Increase (Decrease)	
				2014 over 2013	2013 over 2012
Revenues	833.0	751.5	792.5	10.8	(5.2)
Segment profit⁽¹⁾	289.6	251.0	269.2	15.4	(7.0)
Net income attributable to shareholders	150.4	159.9	148.7		
Basic earnings per share	\$1.77	\$1.91	\$1.79		
Diluted earnings per share	\$1.76	\$1.90	\$1.78		
Total assets	2,784.6	2,167.1	2,068.2		
Long-term debt	874.3	539.0	518.3		
Cash dividends declared per share					
Class A Voting	\$1.0558	\$0.9900	\$0.9175		
Class B Non-Voting	\$1.0608	\$0.9950	\$0.9225		

⁽¹⁾ As defined in Key Performance Indicators section.

⁽²⁾ Restated to reflect retroactive application of IFRS 11 - Joint Arrangements.

RESULTS OF OPERATIONS

The following table presents summary financial information for Corus' operating segments and a reconciliation of net income to segment profit for each of the listed years ended August 31:

(in thousands of Canadian dollars, except percentages)

	2014	2013 ⁽²⁾	% Increase (Decrease) 2014 over 2013
Revenues			
Television	660,424	567,845	16.3
Radio	172,592	183,691	(6.0)
	833,016	751,536	10.8
Direct cost of sales, general and administrative expenses			
Television	387,151	338,104	14.5
Radio	127,105	128,543	(1.1)
Corporate	29,122	33,915	(14.1)
	543,378	500,562	8.6
Segment profit⁽¹⁾			
Television	273,273	229,741	18.9
Radio	45,487	55,148	(17.5)
Corporate	(29,122)	(33,915)	14.1
	289,638	250,974	15.4
Depreciation and amortization	24,068	26,812	
Interest expense	48,320	44,795	
Broadcast license and goodwill impairment	83,000	5,734	
Debt refinancing	—	25,033	
Business acquisition, integration and restructuring costs	46,792	7,343	
Gain on acquisition	(127,884)	—	
Gain on sale of associated company	—	(55,394)	
Other expense (income), net	5,740	(3,560)	
Income before income taxes	209,602	200,211	
Income tax expense	53,433	34,462	
Net income for the year	156,169	165,749	
Net income attributable to:			
Shareholders	150,408	159,895	(5.9)
Non-controlling interest	5,761	5,854	(1.6)
Net income for the year	156,169	165,749	(5.8)

⁽¹⁾ As defined in Key Performance Indicators section

⁽²⁾ Restated to reflect retroactive application of IFRS 11 - Joint Arrangements

FISCAL 2014 COMPARED TO FISCAL 2013

For a discussion on the Company's results of operations for the fourth quarter of fiscal 2014, we refer you to Corus' Fourth Quarter 2014 Report to Shareholders filed on SEDAR on October 23, 2014.

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

OVERVIEW OF CONSOLIDATED RESULTS

For fiscal 2014, the operating results of TELETOON Canada Inc. ("TELETOON"), as well as its assets and liabilities, have been fully consolidated effective September 1, 2013 as a consequence of meeting the definition of control under IFRS 10 – Consolidated Financial Statements. Accordingly, a business combination had occurred in accordance with IFRS 3 – Business Combinations and as a result, TELETOON was accounted for by applying the acquisition method. On December 20, 2013, the Company received Canadian Radio-television and Telecommunications Commission ("CRTC") approval to complete the acquisition of the remaining 50% interest in TELETOON that it

did not already own as well as the acquisition of Historia and Séries+, s.e.n.c. ("H&S"). These acquisitions closed on January 1, 2014. On January 24, 2014, the CRTC approved the Company's acquisition of the Ottawa-based radio stations (CKQB-FM and CJOT-FM) and the transaction closed on January 31, 2014. As a result of these business combinations, the Company's consolidated results for fiscal 2014 reflect 100% interest of TELETOON effective September 1, 2013, 100% interest in H&S effective January 1, 2014, and 100% interest in the two Ottawa-based radio stations effective January 31, 2014 (refer to note 27 of the Company's audited consolidated financial statements for the year ended August 31, 2014 for further details on business combinations).

For fiscal 2013, as a result of retroactive application of IFRS 11 - *Joint Arrangements*, the Company is no longer permitted to proportionately consolidate its 50% equity interest in the operations of TELETOON up to August 31, 2013 (i.e. prior to the business combination on September 1, 2013) and is required to account for its investment using the equity method of accounting. As a consequence, the Television revenues and segment profit for the year ended August 31, 2013 were reduced by \$52.0 million and \$19.0 million, respectively, and Corus' share of TELETOON's net income of \$12.1 million was reported as *Other expense (income)* in the Consolidated Statements of Income and Comprehensive Income. The restatement did not change reported net income for fiscal 2013.

Net income attributable to shareholders for the year ended August 31, 2014 was \$150.4 million on revenues of \$833.0 million, as compared to \$159.9 million on revenues of \$751.5 million in the prior year. Consolidated segment profit increased 15% from the prior year, with Television up 19% and Radio down 18%. Further analysis is provided in the discussions of segmented results.

Free cash flow, as defined in the *Key Performance Indicators* section, for the year ended August 31, 2014 was \$175.3 million compared to \$154.7 million in the prior year.

REVENUES

In fiscal 2014, revenues of \$833.0 million represented an increase of 11% from \$751.5 million last year. On a consolidated basis, advertising revenues increased by 15%, subscriber revenues increased by 21% and merchandising, distribution and other revenues decreased by 24%. Refer to discussions of segmented results for additional analysis of revenues.

DIRECT COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES

In fiscal 2014, expenses of \$543.4 million represented a 9% increase over the prior year and are attributable to higher costs in the Television reporting segment, offset by decreases in the Radio and Corporate reporting segments. Refer to the discussions of segmented results for additional analysis of expenses.

DEPRECIATION AND AMORTIZATION

In fiscal 2014, depreciation expense of \$24.1 million was down \$2.7 million from the prior year as a result of lower depreciation on property, plant and equipment, primarily as a result of the completion of lease terms, offset by the \$1.2 million asset impairment and additional amortization of intangible assets, specifically software.

INTEREST EXPENSE

On February 3, 2014, the Company's credit agreement with a syndicate of banks was amended and restated. The principal amendment effected was the establishment of a two year \$150.0 million term facility, maturing February 3, 2016, incremental to the existing \$500.0 million revolving facility maturing February 11, 2017. 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. Both the term and revolving facilities are subject to the same covenants and security. Interest rates on both the term and revolving facility loans fluctuate with Canadian prime rate, Canadian bankers' acceptances and/or LIBOR plus an applicable margin.

Contemporaneously with the amendment and restatement of the credit agreement, the Company entered into a Canadian dollar interest rate swap agreement to fix the interest rate on \$150.0 million at 1.375%, plus an applicable margin, to February 3, 2016.

In fiscal 2014, interest expense of \$48.3 million was \$3.5 million higher than the prior year. This resulted from increased bank debt to finance business acquisitions and increased imputed interest charges on discounted liabilities, offset by lower average interest rates on outstanding debt as a consequence of the issue of \$550.0 million, 4.25% Senior

Unsecured Guaranteed Notes due February 11, 2020 (the “2020 Notes”) and repayment of \$500.0 million 7.25% Senior Unsecured Guaranteed Notes due February 11, 2017 (the “2017 Notes”). The effective interest rate on bank loans and notes for the year ended August 31, 2014 decreased to 4.2% from 5.8% last year.

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. For both the second and third quarters of fiscal 2014, 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. As a result of these tests, the Company recorded broadcast license impairment charges of \$8.0 million in the second quarter of fiscal 2014 and broadcast license and goodwill impairment charges of \$75.0 million in the third quarter of fiscal 2014 (refer to note 10 of the Company’s audited consolidated financial statements for the year ended August 31, 2014 for further details).

The Company has completed its annual impairment testing of broadcast licenses and goodwill and determined that there were no further impairments at August 31, 2014.

In fiscal 2013, the Company recorded broadcast license impairment charges of \$5.7 million as certain Radio cash generating units had actual results that fell short of previous estimates and the outlook for these markets was less robust.

DEBT REFINANCING

In fiscal 2013, the Company issued \$550.0 million principal amount of the 2020 Notes. Concurrently, the Company provided notice of its intention to redeem the existing \$500.0 million principal amount of the 2017 Notes effective March 16, 2013. The notice of redemption on the 2017 Notes resulted in the Company recording a pre-tax debt refinancing cost of \$25.0 million in the second quarter of fiscal 2013. The components of this cost include the early redemption premium of \$18.1 million and the non-cash write-off of unamortized financing fees of \$6.9 million.

GAIN ON ACQUISITION

In 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.

GAIN ON SALE OF ASSOCIATED COMPANY

In fiscal 2013, the Company recorded a gain of \$55.4 million on the disposition of its non-controlling interest in Food Network Canada to Shaw Communications Inc. (“Shaw”), a related party subject to common voting control.

BUSINESS ACQUISITION, INTEGRATION AND RESTRUCTURING COSTS

In fiscal 2014, the Company incurred \$46.8 million of business acquisition, integration and restructuring costs, which included \$14.9 million in restructuring costs related to the organizational structure realignment and recent business acquisitions. In addition, upon acquisition of control of TELETOON on September 1, 2013, H&S on January 1, 2014 and the two Ottawa radio stations on January 31, 2014, the Company recorded \$31.9 million related to the present value of CRTC tangible benefit obligations to be paid over a seven-year period, to benefit the Canadian broadcasting system.

For the year ended August 31, 2013, the Company incurred \$7.3 million of costs related to restructuring and certain costs related to pending business combinations.

OTHER (INCOME) EXPENSE, NET

In fiscal 2014, other expense of \$5.7 million includes a cumulative increase of \$3.3 million in the purchase price obligation to Bell (refer to note 19 of the Company’s audited consolidated financial statements for the year ended August 31, 2014) and equity losses in associates of \$2.4 million.

In fiscal 2013, other income of \$3.6 million primarily includes income from joint ventures (TELETOON) of \$12.1 million offset by investment impairment charges of \$7.1 million.

INCOME TAX EXPENSE

The effective tax rate for fiscal 2014 was 25.5% compared to the Company's 26.6% statutory rate. The 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.

The effective tax rate for fiscal 2013 was 17.2% compared to the Company's 26.5% statutory rate. The significantly lower effective tax rate reflects that a portion of the gain realized on the disposition of the Company's non-controlling interest in Food Network Canada was not subject to tax and also reflects the utilization of capital loss carryforwards for which no deferred tax asset had previously been recognized.

NET INCOME AND EARNINGS PER SHARE

Net income attributable to shareholders for fiscal 2014 was \$150.4 million, as compared to \$159.9 million last year. Earnings per share for fiscal 2014 were \$1.77 per share basic and \$1.76 per share diluted, compared with \$1.91 per share basic and \$1.90 per share diluted in the prior year. Net income attributable to shareholders for fiscal 2014 includes a non-cash gain on the remeasurement to fair value of Corus' original 50% ownership interest in TELETOON of \$127.9 million (\$1.51 per share), radio goodwill and broadcast license 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).

Net income attributable to shareholders for fiscal 2013 includes a pre-tax charge for debt refinancing of \$25.0 million (\$0.22 per share), a gain from the disposition of Food Network Canada of \$55.4 million (\$0.66 per share), broadcast license impairment charges of \$5.7 million (\$0.05 per share), business acquisition, integration and restructuring costs of \$7.3 million (\$0.06 per share) and investment impairment charges of \$7.1 million (\$0.07 per share). Removing the impact of these items results in an adjusted net income attributable to shareholders of \$138.6 million (\$1.65 per share) in the prior year.

The weighted average number of basic shares outstanding at August 31, 2014 was 84,993,000 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 loss for fiscal 2014 was \$0.1 million, compared to income of \$3.1 million in the prior year. This decrease of \$3.2 million resulted primarily from higher actuarial losses on defined benefit plans and lower unrealized gain from foreign currency translation adjustment in the current year.

TELEVISION

The Television segment is comprised of: YTV; Treehouse; Nickelodeon (Canada); ABC Spark; TELETOON, TÉLÉTOON, TELETOON Retro, TÉLÉTOON Rétro and 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 Peterborough, Kingston and Durham; 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); the Company's majority interest in CMT (Canada), Teletino (TLN, EuroWorld Sport, Mediaset Italia, Sky TG24, Teleniños, Univision (Canada) (formerly TLN en Español), Telemimbi, CineLatino), and Cosmopolitan TV.

FINANCIAL HIGHLIGHTS

(thousands of Canadian dollars)	Year ended August 31,	
	2014	2013 ⁽²⁾
Revenues	660,424	567,845
Expenses	387,151	338,104
Segment profit ⁽¹⁾	273,273	229,741

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

⁽²⁾ Restated to reflect retroactive application of IFRS 11 - *Joint Arrangements*

As a result of the business combinations, the Television results for fiscal 2014 reflect 100% interest in TELETOON effective September 1, 2013, and 100% interest in Historia and Séries+ effective January 1, 2014 (refer to note 27 of the Company's audited consolidated financial statements for the year ended August 31, 2014 for further details on all acquisitions).

For fiscal 2013, as a result of retroactive application of IFRS 11 – *Joint Arrangements*, the Television revenues and segment profit for the year ended August 31, 2013 were reduced by \$52.0 million and \$19.0 million, respectively, and Corus' share of TELETOON's net income of \$12.1 million was reported as *Other expense (income)* in the Consolidated Statements of Income and Comprehensive Income. The restatement did not change reported net income for fiscal 2013 (refer to note 27 of the Company's audited consolidated financial statements for the year ended August 31, 2014 for further details).

Revenues increased 16% in fiscal 2014, primarily as a result of the accretive impact of TELETOON, Historia, and Séries+, which drove an overall increase of 36% for specialty advertising and 21% for subscriber revenues. Although specialty advertising and subscriber revenues increased due to the acquisitions, this was offset by a general softness in the advertising market and a decline in Movie Central subscribers, as well as packaging and rate changes on certain specialty networks. Merchandising, distribution and other revenues for fiscal 2014 declined 28% compared to the prior year from lower international distribution sales, lower sales from the animation software business and, as anticipated, lower merchandising revenues as a result of declining royalties from the Beyblade brand.

Total expenses increased 15%, primarily as a result of TELETOON, Historia and Séries+. Direct cost of sales (which includes amortization of program rights and film investments, and other cost of sales) increased 10% from the prior year as a result of TELETOON, Historia and Séries+, offset by lower film amortization and lower variable costs associated with the merchandising business. General and administrative expenses increased 22% from the prior year as a result of the TELETOON, Historia and Séries+ acquisitions and increased costs related to the animation software business, offset by lower variable compensation costs.

Segment profit increased 19% in fiscal 2014. Segment profit margin for fiscal 2014 increased to 41% from 40% in the prior year. The improvement in segment profit margin is primarily a result of swift integration of the acquired assets, a reduced proportion of the lower margin merchandising and distribution businesses and an ongoing focus on expense control throughout the core business.

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

(thousands of Canadian dollars)	Year ended August 31,	
	2014	2013
Revenues	172,592	183,691
Expenses	127,105	128,543
Segment profit ⁽¹⁾	45,487	55,148

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

Revenues decreased 6% in fiscal 2014 compared to the prior year, as the segment experienced a soft advertising market in addition to ratings challenges in some markets.

Direct cost of sales, general and administrative expenses decreased 1% in fiscal 2014 compared to the prior year. Variable expenses decreased 3% during the fiscal year, driven by lower sales commissions and copyright fees in connection with the revenue decline, offset by higher cost of sales related to the local direct sales initiative. Fixed costs, which represent a much higher proportion of the cost structure, remained consistent with the prior year. For the year, the segment maintained tight cost controls through lower employee-related and premises costs, which were offset by incremental costs from the acquired Ottawa radio stations, higher hockey broadcast rights fees, and higher marketing and promotion expenses.

Segment profit decreased 18% in fiscal 2014. As a result of the revenue softness, the Radio segment's margin for fiscal 2014 decreased to 26% from 30% in the prior year.

The Company recorded non-cash impairment charges in broadcast licenses and goodwill of \$83.0 million in fiscal 2014. These charges are excluded from the determination of segment profit.

In the fourth quarter of fiscal 2014, management implemented strategic changes that address both programming and sales strategies, which are expected to reposition the segment for earnings growth in fiscal 2015 and beyond. Restructuring costs were recorded in the fourth quarter of fiscal 2014 and will result in annualized cost savings in the range of \$3.0 million to \$4.0 million.

CORPORATE

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

FINANCIAL HIGHLIGHTS

(thousands of Canadian dollars)	Year ended August 31,	
	2014	2013
Share-based compensation	10,876	12,953
Other general and administrative costs	18,246	20,962
	29,122	33,915

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 share-based compensation expense in fiscal 2014 reflects a decrease in the number of units that achieved vesting targets compared to the prior year.

Other general and administrative costs decreased 13% in fiscal 2014 compared to the prior year, primarily as a result of a continued focus on cost controls and lower costs related to performance incentives plans.

QUARTERLY CONSOLIDATED FINANCIAL INFORMATION

SEASONAL FLUCTUATIONS

Corus' operating results are subject to seasonal fluctuations that can significantly impact quarter-to-quarter operating results. In particular, as the Company's broadcasting businesses are dependent on general advertising and retail cycles associated with consumer spending activity, the first quarter results tend to be the strongest and second quarter results tend to be the weakest in a fiscal year.

The following table sets forth certain unaudited data derived from the unaudited interim condensed consolidated financial statements for each of the eight most recent quarters ended August 31, 2014. 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.

(thousands of Canadian dollars, except per share amounts)

	Revenues	Segment profit ⁽¹⁾	Net income attributable to shareholders	Earnings per share			
				Adjusted net income attributable to shareholders	Basic	Diluted	Adjusted
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
2013							
4th quarter ⁽²⁾	181,897	50,931	11,879	25,816	\$ 0.14	\$ 0.14	\$ 0.31
3rd quarter ⁽²⁾	187,073	64,564	89,913	34,519	\$ 1.07	\$ 1.07	\$ 0.41
2nd quarter ⁽²⁾	172,620	50,962	5,944	24,432	\$ 0.07	\$ 0.07	\$ 0.29
1st quarter ⁽²⁾	209,946	84,517	52,159	52,159	\$ 0.63	\$ 0.62	\$ 0.63

⁽¹⁾ As defined in *Key Performance Indicators* section

⁽²⁾ The fiscal 2013 quarters have been restated for the application of IFRS 11 - *Joint Arrangements*

SIGNIFICANT ITEMS CAUSING VARIATIONS IN QUARTERLY RESULTS

- 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 charges 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 to Bell 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 to Bell 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 to Bell of \$7.3 million (\$0.09 per share) and investment impairment related charges of \$3.3 million (\$0.04 per share).
- Net income attributable to shareholders for the fourth quarter of fiscal 2013 was negatively impacted by a non-cash expense of \$5.7 million (\$0.05 per share) related to broadcast license impairments on certain Radio clusters, a charge of \$5.2 million (\$0.05 per share) related to restructuring costs and investment impairment charges of \$7.1 million (\$0.07 per share).
- Net income attributable to shareholders for the third quarter of fiscal 2013 was positively impacted by the gain of \$55.4 million (\$0.66 per share) related to the disposal of the Company's non-controlling interest in Food Network Canada.
- Net income attributable to shareholders for the second quarter of fiscal 2013 was negatively impacted by the early redemption of all of the \$500.0 million, 7.25% Senior Unsecured Guaranteed Notes that were due on February 10, 2017. A debt refinancing charge of \$25.0 million (\$0.22 per share) was recorded to reflect the redemption premium and the write-off of unamortized financing charges related to the 2017 Notes.

FINANCIAL POSITION

The major change in the Company's consolidated results arises from the consolidation of 100% interest in TELETOON effective September 1, 2013 as a consequence of meeting the definition of control under IFRS 10 – *Consolidated Financial Statements*, the consolidation of 100% interest in Historia and Séries+ (“H&S”) effective January 1, 2014,

and 100% interest in two radio stations in Ottawa (CKQB-FM and CJOT-FM) effective January 31, 2014 (refer to note 27 of the Company's audited consolidated financial statements for the year ended August 31, 2014 for further details on all acquisitions). For fiscal 2013, as a result of retroactive application of IFRS 11 – *Joint Arrangements*, the prior year was restated by replacing the proportionate consolidation of TELETOON at 50% with a single investment amount in the investments in joint ventures line item in the consolidated statements of financial position (refer to note 3 of the Company's audited consolidated financial statements for the year ended August 31, 2014 for further details).

Total assets at August 31, 2014 and August 31, 2013 were \$2.8 billion and \$2.2 billion, respectively. The following discussion describes the significant changes in the consolidated statements of financial position since August 31, 2013.

Current assets at August 31, 2014 were \$217.4 million, down \$92.7 million from August 31, 2013. Cash and cash equivalents decreased by \$69.7 million. Refer to the discussion of cash flows in the next section.

Accounts receivable increased \$18.7 million, of which \$35.0 million relates to the business acquisitions, offset by higher cash collections during fiscal 2014. The accounts receivable balance typically grows in the first and third quarters and decreases in the second quarter as a result of the broadcast revenue cycle. The Company carefully monitors the aging of its accounts receivable.

Promissory note receivable of \$47.8 million arose in fiscal 2013 from the sale of the Company's non-controlling interest in Food Network Canada to Shaw Media, a division of Shaw Communications Inc. ("Shaw") and the acquisition of the remaining 49% interest in ABC Spark from Shaw. The balance was settled upon the completion of the Company's acquisition of Shaw's 50% interest in H&S on January 1, 2014.

Tax credits receivable decreased \$12.5 million as a result of tax credit receipts exceeding accruals related to film and interactive productions.

Investments and intangibles increased \$4.7 million, primarily as a result of increases in investments offset by equity losses from associates and amortization of intangibles.

Investment in joint venture was eliminated as a result of the consolidation of 100% interest in TELETOON upon acquisition of control on September 1, 2013.

Property, plant and equipment decreased \$7.6 million, as a result of asset impairment charges of \$1.2 million and depreciation expense exceeded additions for fiscal 2014.

Program and film rights increased \$97.9 million, of which \$77.5 million relates to the business acquisitions. As well, additions of acquired rights of \$228.0 million were offset by amortization of \$207.6 million during fiscal 2014.

Film investments increased \$1.2 million as film spending (net of tax credit accruals) of \$21.0 million was offset by film amortization of \$19.8 million.

Broadcast licenses increased \$464.9 million as business acquisitions added \$482.4 million, offset by impairment charges of \$17.5 million related to the Radio segment. Goodwill increased \$288.8 million as business acquisitions added \$354.4 million, offset by impairment charges of \$65.5 million related to the Radio segment.

Accounts payable and accrued liabilities decreased \$6.0 million, as a result of lower program rights payable and lower trade payables, offset by \$14.7 million relating to the business acquisitions and \$4.8 million related to the current portion of the CRTC benefits payable arising as a result of the acquisitions.

Provisions have increased \$1.4 million as a result of business acquisition, integration and restructuring costs being higher than payments made relating to work-force reduction and business initiatives taken in fiscal 2014.

Long-term debt at August 31, 2014 was \$874.3 million, up \$335.3 million as a result of the Company's draw-down on credit facilities to finance the business acquisitions.

Other long-term liabilities increased by \$78.6 million, of which \$37.6 million relates to the business acquisitions. The increase is also due to the long-term portion of CRTC tangible benefits of \$29.0 million relating to the business acquisitions and by higher program rights payable.

Share capital increased \$30.1 million, as the issuance of shares from treasury under the Company's dividend

reinvestment plan and issuance of stock options added \$24.7 million and \$5.5 million, respectively, to share capital. Contributed surplus increased \$1.2 million due to share-based compensation expense of \$2.0 million, offset by the issuance of shares under the stock option plan of \$0.9 million.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

Overall, the Company's cash and cash equivalents position decreased by \$69.7 million over the year ended August 31, 2014. Free cash flow for the year ended August 31, 2014 was \$175.3 million, compared to free cash flow of \$154.7 million in the prior year. This increase in free cash flow primarily reflects higher cash from operating activities and timing of program rights payments. Refer to *Key Performance Indicators* for a reconciliation of free cash flow to consolidated statements of cash flows.

Cash provided by operating activities for the year ended August 31, 2014 was \$194.5 million, compared to \$156.7 million last year. The increase of \$37.8 million arises from higher net income from operations before non-cash items of \$67.0 million, lower additions to film investments of \$20.7 million and higher cash inflows from working capital of \$16.2 million, offset by higher spend on program rights of \$66.1 million.

Cash used in investing activities in the year ended August 31, 2014 was \$526.2 million, compared to \$13.7 million in the prior year. The increase of \$512.5 million is attributable to the business acquisitions of TELETOON, Historia, Séries+ and the Ottawa radio stations of \$497.4 million, lower dividends from joint ventures of \$10.9 million, increase in net cash outflows for investments and intangibles of \$0.6 million and increase in CRTC tangible benefit payments of \$4.7 million, offset by a decrease of \$1.1 million in additions to property, plant and equipment.

Cash used in financing activities in the year ended August 31, 2014 was \$262.1 million, compared to \$81.0 million provided by financing activities in the prior year. In the current year, the Company incurred \$333.2 million in bank loans to finance the business acquisitions, paid dividends of \$72.2 million and made capital lease payments of \$3.0 million. In the prior year, the Company issued the 2020 Notes of \$550.0 million, redeemed the 2017 Notes of \$500.0 million and paid \$26.7 million in financing fees. The bank debt was paid down by \$29.9 million, \$1.5 million of shares were repurchased under the Normal Course Issuer Bid, capital lease payments of \$10.7 million were made and dividends of \$63.0 million were paid.

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 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 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 3, 2014, the Company's credit agreement with a syndicate of banks was amended and restated. The principal amendment effected was the establishment of a two year \$150.0 million term facility, maturing February 3, 2016, incremental to the existing \$500.0 million revolving facility maturing February 11, 2017. The revolving facility is used to finance permitted acquisitions and capital expenditures and for general corporate requirements in the ordinary course of business, while the term loan facility was used to refinance outstanding advances under the revolving facility. Both the term and revolving facilities are subject to the same covenants and security. Interest rates

on both the term and revolving facility loans fluctuate with Canadian prime rate, Canadian bankers' acceptances and/or LIBOR plus an applicable margin. As at August 31, 2014, the Company had available approximately \$315.0 million under the revolving term credit facility and was in compliance with all loan covenants.

As at August 31, 2014, the Company had a cash balance of \$11.6 million and a positive working capital balance. In January 2014, the Company utilized \$491.4 million of cash-on-hand and existing bank lines of credit to close the acquisition of the specialty television services Historia and Séries+, two Ottawa-based radio stations and the remaining 50% of TELETOON Canada Inc. (refer to note 27 of the Company's audited consolidated financial statements for the year ended August 31, 2014 for further details).

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, 2014, net debt was \$862.7 million, up from \$457.7 million at August 31, 2013. Net debt to segment profit at August 31, 2014 was 3.0 times compared to 1.8 times at August 31, 2013. The increase in net debt and net debt to segment profit reflects increased debt to finance the business acquisitions, but only includes segment profit for the acquired assets from the date of acquisition. Refer to the *Key Performance Indicators* section for further discussion.

TOTAL CAPITALIZATION

Book value at August 31, 2014 was \$2,172.8 million, an increase of \$494.3 million from August 31, 2013. The increase results from an increase in bank debt to finance acquisitions.

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 or decrease with fluctuations in market interest rates. The estimated fair value of these agreements at August 31, 2014 is \$0.1 million, which has been recorded in the audited consolidated statements of financial position as a liability.

CONTRACTUAL COMMITMENTS

The Company has the following contractual obligations as at August 31, 2014:

(thousands of Canadian dollars)	Total	Less than one year	One to three years	Four to five years	Beyond five years
Long-term debt	540,575	—	—	—	540,575
Bank loans	333,676	—	333,676	—	—
Interest on notes	128,563	23,375	46,750	46,750	11,688
Program rights payable	149,123	67,194	73,014	8,915	—
Program rights purchase commitments	356,691	88,893	156,687	61,036	50,075
Operating leases	413,769	25,430	50,883	46,839	290,617
Trade marks and other license commitments	46,189	20,378	18,786	6,100	925
Finance leases	6,694	2,638	3,245	811	—
Other obligations	1,110	564	546	—	—
Total contractual obligations	1,976,390	228,472	683,587	170,451	893,880

In addition to the contractual obligations in the table above, the Company will pay interest on any bank debt outstanding in future periods. In fiscal 2014, the Company incurred interest on bank debt of \$8.7 million (2013 - \$0.5 million).

KEY PERFORMANCE INDICATORS

The Company measures the success of its strategies using a number of key performance indicators. These have been outlined below, including a discussion as to their relevance, definitions, calculation methods and underlying assumptions. In addition to disclosing results in accordance with IFRS as issued by the International Accounting

Standards Board (“IASB”), the Company also provides supplementary non-IFRS measures as a method of evaluating the Company’s performance. 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. These non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers.

REVENUE

Revenue is a measurement defined by IFRS. Revenue is the gross inflow of economic benefits arising in the course of the ordinary activities of an entity that results in increases in equity, such as cash, receivables or other consideration arising from the sale of products and services and is net of items such as trade or volume discounts and certain excise and sales taxes. It is one of the bases upon which free cash flow, a key performance indicator defined below, is determined; therefore, it measures the potential to deliver free cash flow as well as indicating the level of growth in a competitive marketplace.

The primary sources of revenues for the Company are outlined in the *Overview* section.

Corus’ sources of revenues are well diversified, with revenue streams for the year ended August 31, 2014 derived primarily from three areas: advertising (49%), subscriber fees (40%) and merchandising, distribution and other (11%) (2013 – 47%, 37% and 16%, respectively).

DIRECT COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES

Direct cost of sales, general and administrative expenses include amortization of program and film rights (costs of programming intended for broadcast, from which advertising and subscriber fee revenues are derived); amortization of film investments (costs associated with internally produced and acquired television and film programming, from which distribution and licensing revenues are derived); other cost of sales relating to merchandising, studio service work, publishing, marketing (research and advertising costs); employee remuneration; regulatory license fees; and, selling, general administration and overhead costs. Approximately 28% and 42%, respectively, of consolidated direct cost of sales, general and administrative expenses in fiscal 2014 (2013 – 31% and 39%, respectively) were comprised of employee remuneration and amortization of programming and film rights and film investments, respectively.

SEGMENT PROFIT AND SEGMENT PROFIT MARGIN

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 comprehensive income. Segment profit may be calculated and presented for an individual operating segment, a line of business, 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 or line of business 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; debt refinancing; non-cash gains or losses; business acquisition, integration and restructuring costs; and certain other income and expenses as included in note 19 to the audited 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 21 to the audited consolidated financial statements. Segment profit margin is calculated by dividing segment profit by revenues. Segment profit and segment profit margin do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other companies. Segment profit and segment profit margin should not be considered in isolation or as a substitute for net income prepared in accordance with IFRS as issued by the IASB.

	Year ended August 31,	
	2014	2013 ⁽¹⁾
(thousands of Canadian dollars, except percentages)		
Revenues	833,016	751,536
Direct cost of sales, general and administrative expenses	543,378	500,562
Segment profit	289,638	250,974
Segment profit margin	34.8%	33.4%

⁽¹⁾ Restated to reflect application of IFRS 11 - *Joint Arrangements*

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 IASB.

(thousands of Canadian dollars)	Year ended August 31,	
	2014	2013 ⁽¹⁾
Cash provided by (used in):		
Operating activities	194,477	156,729
Investing activities	(526,246)	(13,670)
	(331,769)	143,059
Add back: cash used for business combinations and strategic investments	507,045	11,652
Free cash flow	175,276	154,711

⁽¹⁾ Restated to reflect application of IFRS 11 - *Joint Arrangements*

⁽²⁾ Strategic investments in fiscal 2014 are comprised primarily of \$497.4 million related to business acquisitions as further described in note 26 to the audited consolidated financial statements.

ADJUSTED NET INCOME AND ADJUSTED BASIC EARNINGS PER SHARE

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 is a useful measure that facilitates period-to-period operating comparisons. Adjusted net income and adjusted basic earnings per share do not have any standardized meanings prescribed by IFRS and are not necessarily comparable to similar measures presented by other companies. Adjusted net income and adjusted 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

	Year ended August 31,	
(thousands of Canadian dollars, except per share amounts)	2014	2013 ⁽¹⁾
Net income attributable to shareholders	150,408	159,895
Adjustments (net of tax):		
Gain on remeasurement to fair value of original 50% of TELETOON	(127,884)	—
Broadcast license and goodwill impairment charges	78,460	4,240
Capital asset impairment charges	913	—
Increase in purchase price obligation	3,336	—
Impact of business acquisition, integration and restructuring costs	42,820	5,634
Gain on disposition of Food Network Canada investment	—	(55,394)
Impact of investment impairment charges	2,291	5,710
Debt refinancing costs related to issuance of \$550.0 million of Senior Unsecured Guaranteed Notes	—	18,488
Adjusted net income attributable to shareholders	150,344	138,573
Basic earnings per share	\$1.77	\$1.91
Adjustments (net of tax):		
Gain on remeasurement to fair value of original 50% of TELETOON	(1.51)	—
Broadcast license and goodwill impairment charges	0.92	0.05
Capital asset impairment charges	0.01	—
Increase in purchase price obligation	0.04	—
Impact of business acquisition, integration and restructuring costs	0.51	0.06
Gain on disposition of Food Network Canada investment	—	(0.66)
Impact of investment impairment charges	0.03	0.07
Debt refinancing costs related to issuance of \$550.0 million of Senior Unsecured Guaranteed Notes	—	0.22
Adjusted basic earnings per share	\$1.77	\$1.65

⁽¹⁾ Restated to reflect application of IFRS 11 - *Joint Arrangements*

NET DEBT

Net debt is calculated as long-term debt 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 does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other companies.

(thousands of Canadian dollars)	2014	2013 ⁽¹⁾
Long-term debt	874,251	538,966
Cash and cash equivalents	(11,585)	(81,266)
Net debt	862,666	457,700

⁽¹⁾ Restated to reflect application of IFRS 11 - *Joint Arrangements*

NET DEBT TO SEGMENT PROFIT

Net debt to segment profit is calculated as net debt divided by segment profit. It is one of the key metrics used by the investing community to measure the Company's ability to repay debt through ongoing operations. Net debt to segment profit does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other companies.

(thousands of Canadian dollars)	2014	2013 ⁽¹⁾
Net debt (numerator)	862,666	457,700
Segment profit (denominator) ⁽²⁾	289,638	250,974
Net debt to segment profit	3.0	1.8

⁽¹⁾ Restated to reflect application of IFRS 11 - *Joint Arrangements*

⁽²⁾ 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.

ENTERPRISE RISK MANAGEMENT

Corus' enterprise risks are largely derived from the Company's business environment and are fundamentally linked to Corus' strategies and business objectives. Corus strives to proactively mitigate its risk exposures through rigorous performance planning and effective and efficient business operational management. Residual exposure for certain risks is mitigated through appropriate insurance coverage where this is judged to be efficient and commercially available.

Corus strives to avoid taking on undue risk exposures whenever possible and ensures any unnecessary risks are aligned with business strategies, objectives, values and risk tolerance.

RISK GOVERNANCE

The Board of Directors is responsible for overseeing management with respect to the management of the principal risks of the Company and ensuring that there are systems in place to effectively monitor and manage these risks. This includes oversight of the implementation of enterprise risk management procedures and the development of entity level controls. The Board carries out its risk management mandate primarily through the support of Board Committees and senior management as follows:

- The Audit Committee, which is responsible for overseeing the Company's policies and processes designed to mitigate and manage applicable regulatory compliance risk, including the adequacy of internal control over financial reporting;
- The Human Resources and Compensation Committee, which is responsible for the Company's policies and processes designed to mitigate and manage risks associated with the Company's compensation plans;
- The Governance Committee, which is responsible for maintaining and monitoring the Company's governance processes, including its Code of Conduct;
- The Executive Management Team, which is responsible for the establishment of enterprise risk management processes (which is carried out by the Company's Risk Management Committee).

In addition, entity level controls, including the Company's Code of Conduct (which is required to be reviewed and signed to confirm compliance annually by directors and officers of the Company), financial controls and other governance processes are in place and monitored regularly by the Company's Risk and Compliance group (which functions independently from management) who report to the Audit Committee on a quarterly basis.

RISK MANAGEMENT

The Company has established an Enterprise Risk Management Framework ("ERM") which includes identifying, assessing, managing and monitoring the significant risks that impact the Company.

A strategic risk assessment is conducted as part of the Company's strategic planning process to identify and assess the key business risks facing Corus and their potential impact on the achievement of the Company's strategic plans. Emerging risks are included in the assessment and risks are prioritized using standard risk assessment criteria.

The Risk Management Committee ("RMC"), which reports to the Executive Management Team, is mandated to maintain the Company's ERM for identifying, assessing, managing, monitoring and reporting the significant risks that impact the Company. The RMC is comprised of thirteen senior managers from across the organization, with all key operating segments and functions represented. The Committee meets on a quarterly basis to review financial, hazard, operational and strategic risks to the Company. The likelihood and impact of these risks are ranked on a high, medium and low basis. These risks are reviewed by the Company's Disclosure Committee, the Chief Financial Officer and the Chief Executive Officer and finally, with the Board as part of the quarterly risk review process.

RISKS AND UNCERTAINTIES

This section describes the principal risks and uncertainties that could have a material adverse effect on the business and financial results of the Company and its subsidiaries.

IMPACT OF REGULATION ON CORUS' RESULTS OF OPERATIONS

Corus' Radio and Television business activities are regulated by the Canadian Radio-television and Telecommunications Commission ("CRTC" or the "Commission") under the *Broadcasting Act* and, accordingly,

Corus' results of operations may be adversely affected by changes in regulations, policies and decisions by the CRTC. The CRTC, among other things, issues licenses to operate radio and television stations. Corus' radio stations must also meet technical operating requirements under the *Radiocommunications Act* and regulations promulgated under the *Broadcasting Act*.

The CRTC imposes a range of obligations upon licensees such as scheduling requirements for Canadian Content, Canadian Content spending levels, limits on content genres on certain networks, access obligations (i.e. closed captioning or descriptive video) and other obligations. Changes resulting from the CRTC's interpretations of existing policies and regulations could be materially adverse to Corus' business and financial results.

Canadian Content programming is also subject to certification by various agencies of the federal government. If programming fails to so qualify, Corus would not be able to use the programs to meet its Canadian Content programming obligations and Corus might not qualify for certain Canadian tax credits and industry incentives.

In addition, to maintain eligibility under the *Broadcasting Act* and the *Radiocommunications Act*, there are limitations on the ownership by non-Canadians of Corus' Class A Voting Shares. Under certain circumstances, Corus' Board of Directors may refuse to issue or register the transfer of Corus' Class A Voting Shares to any person that is a non-Canadian or may sell the Corus Class A Voting Shares of a non-Canadian as if they were the owner of such Corus Class A Voting Shares.

Corus' radio, conventional television, specialty television and pay television undertakings rely upon blanket licenses held by rights-holding collectives to make use of the music component of the programming that is used. The royalties payable for these blanket licenses are determined by tariffs set by the Copyright Board under a regime established by the *Copyright Act*. These royalties are paid by these undertakings on a monthly basis in the normal course of their business.

The levels of the royalties payable by Corus are subject to change upon application by the collecting societies and approval by the Copyright Board. The Government of Canada may, from time to time, make amendments to the *Copyright Act* to implement Canada's international treaty obligations and for other obligations and purposes. Any such amendments could result in Corus' broadcasting undertakings being required to pay additional royalties for these licenses or be subject to additional administrative costs associated with the tariffs.

Refer also to the *Canadian Communications Industry – Regulatory Environment* section of the Company's Annual Information Form for further information.

CRTC Policy Review: Let's Talk TV

In October 2014, the CRTC completed the public element of a broad television policy review which it called "Let's Talk TV". The Commission's stated key issues were as follows:

- Maximizing choice and flexibility (pick and pay);
- Relationships between broadcasting distribution undertakings and programmers;
- Ways to foster local programming, including a regulatory model for conventional television; and
- Ways to foster compelling Canadian programming, including program production, promotion, exhibition and Canadian programming expenditures.

The detailed policy matters touched on many areas beyond these points. The Commission had proposed that a new regulatory framework would come into force on December 15, 2015, however, a final decision is still pending. During the public hearing, the Commission suggested that the status quo on carriage matters could be an option and it also suggested that the timelines for implementation could be extended. This policy review was also coloured by the Government's direction that jobs be protected, which was included in the 2014 Speech from the Throne.

The potential outcome of this process is difficult to predict and as such, Corus is unable to quantify the potential impacts at the present time. These could be materially adverse to Corus' financial results.

COMPETITION

Corus encounters aggressive competition in all areas of its business. Corus' failure to compete in these areas could materially adversely affect Corus' results of operations.

The television production industry, television and radio broadcasting services have always involved a substantial degree of risk. There can be no assurance of the economic success of radio stations, music formats, talent, television programs or networks because the revenues derived depend upon audience acceptance of these or other competing programs released into, or networks existing in, the marketplace at or near the same time, the availability of alternative forms of entertainment and leisure time activities, general economic conditions, public tastes generally and other intangible factors, all of which could rapidly change, and many of which are beyond Corus' control. The lack of audience acceptance for Corus' radio stations, television programs, specialty and pay television networks would have an adverse impact on Corus' businesses, results of operations, prospects and financial condition.

Radio

The financial success of each of Corus' radio stations is dependent principally upon its share of the overall advertising revenues within its geographic market, its promotional and other expenses incurred to obtain the revenues and the economic strength of its geographic market. Radio advertising revenues are highly dependent upon audience share. Audience share is derived from interest in on-air talent, music formats, and other intangible factors. This can be influenced by the competition. Other stations may change programming formats to compete directly with Corus' stations for listeners and advertisers or launch aggressive promotional campaigns in support of already existing competitive formats. If a competitor, particularly one with substantial financial resources, were to attempt to compete in either of these fashions, ratings at Corus' affected stations could be negatively impacted, resulting in lower net revenues.

Radio broadcasting is also subject to competition from other broadcast, online and print media. Potential advertisers can substitute advertising through the broadcast television system (which can offer concurrent exposure on a number of networks to enlarge the potential audience), daily, weekly and free-distribution newspapers, outdoor billboard advertising, magazines, other print media, direct mail marketing, the Internet and mobile advertising. Competing media commonly target the customers of their competitors, and advertisers regularly shift dollars from radio to these competing media and vice versa. In markets near the U.S. border, such as Kingston, Corus also competes with U.S. radio stations. Accordingly, there can be no assurance that any of Corus' radio stations will be able to maintain or increase their current audience share and advertising revenue share.

Television – broadcast business

The financial success of Corus' specialty and pay television business depends on obtaining revenues from subscription fees and advertising as well as effectively managing programming costs.

i) Advertising and subscriber revenues

Numerous broadcast and specialty television networks compete with Corus for advertising revenues. The CRTC continues to grant new specialty television licenses which further increase competition. Corus' services also compete with a number of foreign programming services which have been authorized for distribution in Canada by the CRTC, such as A&E and CNN. Corus' pay television services are providers of premium movies and series, and also offer classic movies to western Canadian subscribers. These services compete with pay-per-view movie offerings as well as video-on-demand offerings. Moreover, increasingly, Corus' specialty, pay and conventional television services are competing with alternative forms of entertainment that are not regulated by the CRTC (see *Technological Developments*). This competition takes the form of competition for the supply of programming and also for audiences. This can affect both the costs and revenues of a network. In addition, competition among specialty television services in Canada is highly dependent upon the offering of prices, marketing and advertising support and other incentives to cable operators and other distributors for carriage so as to favourably position and package the services to subscribers to achieve high distribution levels. Any failure by Corus to compete effectively in the areas of specialty and pay television services could materially adversely affect Corus' results of operations.

ii) Programming expenditures

Programming costs are one of the most significant expenses in the Television segment. Although the Company has processes to effectively manage these costs, increased competition in the television broadcasting industry due to factors mentioned above, changes in viewer preferences and other developments could impact the availability of programming content and adversely impact Corus' results of operations.

Television – content business

The production and distribution of children's television, books and other media content is very competitive. There are numerous suppliers of media content, including vertically integrated major motion picture studios, television networks, independent television production companies and children's book publishers around the world. Many of these competitors are significantly larger than Corus and have substantially greater resources, including easier access to capital. Corus competes with other television and motion picture production companies for ideas and storylines created by third parties as well as for actors, directors and other personnel required for a production.

Further, vertical integration of the television broadcast industry worldwide and the creation and expansion of new networks, which create a substantial portion of their own programming, have decreased the number of available timeslots for programs produced by third-party production companies. There can be no assurances that Corus will be able to compete successfully in the future or that Corus will continue to produce or acquire rights to additional successful programming or enter into agreements for the financing, production, distribution or licensing of programming on terms favourable to Corus. There continues to be intense competition for the most attractive timeslots offered by those services. There can be no assurances that Corus will be able to increase or maintain penetration of broadcast schedules.

PRODUCTION OF FILM AND TELEVISION PROGRAMS

Each production is an individual artistic work and its commercial success is determined primarily by the size of the market and audience acceptance. The latter cannot be accurately predicted. The success of a program is also dependent on the type and extent of promotional and marketing activities, the quality and acceptance of other competing programs, general economic conditions and other ephemeral and intangible factors, all of which can rapidly change and many of which are beyond Corus' control.

Production of film and television programs requires a significant amount of capital. Factors such as labour disputes, technology changes or other disruptions affecting aspects of production may affect Corus or its co-production partners and cause cost overruns and delay or hamper completion of a production.

Financial risks exist in productions relating to tax credits and co-production treaties. The aggregate amount of government tax credits a project may receive can constitute a material portion of a production budget and typically can be as much as 30% of total budgeted costs. There is no assurance that government tax credits and industry funding assistance programs will continue to be available at current levels or that Corus' production projects will continue to qualify for them. As well, a significant number of Corus' productions are co-productions involving international treaties that allow Corus to access foreign financing and reduce production risk as well as qualify for Canadian government tax credits. If an existing treaty between Canada and the government of one of the current co-production partners were to be abandoned, one or more co-productions currently underway may also need to be abandoned. Losing the ability to rely on co-productions would have a significant adverse effect on Corus' production capabilities and production financing.

Results of operations for the production and distribution business for any period are dependent on the number, timing and commercial success of television programs and feature films delivered or made available to various media, none of which can be predicted with certainty.

Consequently, revenue from production and distribution may fluctuate materially from period to period and the results of any one period are not necessarily indicative of results for future periods. Cash flows may also fluctuate and are not necessarily closely correlated with revenue recognition.

Revenue from the film library can vary substantially from year to year, both by geographic territory and by year of production. The timing of the Company's ability to sell library product in certain territories will depend on the market outlook in the particular territory and the availability of product by territory, which depends on the extent and term of any prior sale in that territory.

MERCHANDISING

Success of merchandising brands depends on consumers' tastes and preferences that can change in unpredictable ways. The Company depends on the acceptance by consumers of its merchandising offerings, therefore, success depends on the ability to predict and take advantage of consumer tastes in Canada and

around the world. In addition, the Company derives royalties from the sale of licensed merchandise by third parties. Corus is dependent on the success of those third parties. Factors that negatively impact those third parties could adversely affect the Company's operating results.

INTELLECTUAL PROPERTY RIGHTS

Corus' trade marks, copyrights and other proprietary rights are important to the Company's competitive position. In particular, the Content group must be able to protect its trade marks, copyrights and other proprietary rights to competitively produce, distribute and license its television programs and published materials and market its merchandise. Accordingly, Corus devotes the Company's resources to the establishment and protection of trade marks, copyrights and other proprietary rights on a worldwide basis. However, from time to time, various third parties may contest or infringe upon the Company's intellectual property rights.

The Company reviews these matters to determine what, if any, actions may be required or should be taken, including legal action or negotiated settlement. There can be no assurance that the Company's actions to establish and protect trade marks, copyrights and other proprietary rights will be adequate to prevent imitation or unauthorized reproduction of the Company's products by others or prevent third parties from seeking to block sales, licensing or reproduction of these products as a violation of their trade marks, copyrights and proprietary rights.

Moreover, there can be no assurance that others will not assert rights in, or ownership of, the Company's trade marks, copyrights and other proprietary rights, or that the Company will be able to successfully resolve these conflicts. In addition, the laws of certain foreign countries may not protect proprietary rights to the same extent as do the laws of the United States or Canada.

PRODUCTION OF WEBSITES

The production of websites related to Corus' Television and Radio brands generates hundreds of pages of content each day. This content is in many forms including text, graphics, databases, photographs, audio files, radio files and interactive content such as online games and third-party posts of content and links. Corus takes steps to ensure that procedures are in place to clear rights and to vet third-party content. There remains a risk, however, that some potentially defamatory or infringing content can be posted on a Corus website. Corus carries insurance coverage against this risk but there remains a limited risk of liability to third-party claims.

TECHNOLOGICAL DEVELOPMENTS

New or alternative media technologies and business models, such as video-on-demand, subscription-video-on-demand, high-definition television, personal video recorders, mobile television, internet protocol television, over-the-top internet-based video entertainment services, digital radio services, satellite radio and direct-to-home satellite have recently begun to compete, or may in the future compete, for programming and audiences. As well, mobile devices like smart phones and tablets are allowing consumers to access content anywhere, anytime. These technologies and business models may increase audience fragmentation, reduce the Company's ratings or have an adverse effect on advertising revenues from local and national audiences. These or other technologies and business models may have a material adverse effect on Corus' business, results of operations or financial condition.

ACQUISITIONS

The Company may, from time to time, make strategic acquisitions which involve significant risks and uncertainties. As such, the Company may experience difficulties in realizing the anticipated benefits, incur unanticipated expenses and/or have difficulty incorporating or integrating the acquired business, the occurrence of which could have a material adverse effect on the Company.

DISTRIBUTION

Corus enters into long-term agreements with various cable and satellite providers for the distribution of its television services. As the contracts expire, there could be a negative impact on revenues if the Company is unable to renew them on acceptable terms which include revenues per subscriber and packaging that ultimately determines the networks household reach.

ECONOMIC CONDITIONS

The Company's operating performance depends on Canadian and worldwide economic conditions. Economic uncertainty could impact demand for Corus' advertising airtime as companies reduce their advertising spending. There can be no assurance that an economic decline will not adversely affect the Company's operating results.

CAPITAL MARKETS

The Company may require continuing access to capital markets to sustain its operations. Disruptions in the capital markets, including changes in market interest rates or the availability of capital, could have a material adverse effect on the Company's ability to raise or refinance debt.

INTEREST RATE AND FOREIGN EXCHANGE RISK

Corus has the following financial exposures in its day-to-day operations:

Interest rates

The Company utilizes long-term financing extensively in its capital structure, which includes a banking facility, as more fully described in note 13 to the audited consolidated financial statements. Interest rates on the balance of the bank loans fluctuate with Canadian bankers' acceptances and/or LIBOR.

The Company manages its exposure to floating interest rates through maintaining a balance of fixed rate and floating rate debt. As at August 31, 2014, 79% (2013 – 100%) of the Company's consolidated long-term debt was fixed with respect to interest rates. From time-to-time, Corus also manages this risk through the use of interest rate swap contracts to fix the interest rate on its floating rate debt.

Foreign exchange

A portion of the Company's revenues and expenses is in currencies other than Canadian dollars and, therefore, is subject to fluctuations in exchange rates. Approximately 4% of Corus' total revenues in fiscal 2014 (2013 – 7%) were in foreign currencies, the majority of which was U.S. dollars.

The impact of foreign exchange gains and losses are described in note 24 to the audited consolidated financial statements.

INFORMATION SYSTEMS AND INTERNAL BUSINESS PROCESSES

The day-to-day operations of the Company are highly dependent on information technology systems and internal business processes. An inability to operate or enhance information technology systems could have an adverse impact on the Company's ability to produce accurate and timely invoices, manage operating expenses and produce accurate and timely financial reports. Although the Company has taken steps to reduce these risks, there can be no assurance that potential failures of, or deficiencies in, these systems or processes will not have an adverse effect on the Company's operating results.

HOLDING COMPANY STRUCTURE

Substantially all of Corus' business activities are operated by its subsidiaries. As a holding company, the Company's ability to meet its financial obligations is dependent primarily upon the receipt of interest and principal payments on intercompany advances, management fees, cash dividends and other payments from its subsidiaries together with proceeds raised by the Company through the issuance of equity and the incurrence of debt, and from proceeds received on the sale of assets. The payment of dividends and making of loans, advances and other payments to the Company by its subsidiaries may be subject to statutory or contractual restrictions, are contingent upon the earnings of those subsidiaries and are subject to various business and other considerations.

DIVIDEND PAYMENTS

The Company currently pays monthly share dividends on both its Class A and Class B shares in amounts approved quarterly by the Board of Directors. While the Company expects to generate sufficient free cash flow in fiscal 2015 to fund these dividend payments, if actual results are different from expectations there can be no assurance that the Company will continue common share dividend payments at the current level.

CONTINGENCIES

The Company and its subsidiaries are involved in litigation arising in the ordinary course and conduct of its business. The Company recognizes liabilities for contingencies when a loss is probable and capable of being estimated. As at August 31, 2014, there were no actions, suits or proceedings pending or against the Company or its subsidiaries which would, in management's estimation, likely be determined in such a manner as to have a material adverse effect on the business of the Company.

OUTLOOK

At its annual Investor Day on January 29, 2014, the Company provided fiscal 2015 financial guidance of \$340.0 million to \$360.0 million in consolidated segment profit, and free cash flow in excess of \$170.0 million. The segment profit guidance assumed a starting point of \$330.0 million, which was based on the proforma fiscal 2013 results of the Company's core business, assuming a full year of segment profit from the recently completed acquisitions (refer to note 26 of the audited consolidated financial statements for further details) and projected synergies of \$12.0 million. It also assumed growth scenarios of a 2%, 3% and 4% compound annual growth rate off the \$330.0 million base segment profit and the Company's ability to successfully integrate the acquisitions to achieve targeted synergies within its expected timelines. The growth scenarios assumed the Canadian economy (GDP) would increase by 2% to 3% for 2015 to support the discretionary nature of advertising expenditures. The Company also assumed minimal subscriber growth based on historical subscriber trending and minimal merchandising, distribution and other revenues growth based on timing of the launches of Corus' new merchandise brands. Free cash flow guidance for fiscal 2015 of \$170.0 million plus was based on the Company's recent historical working capital run-rates, annual capital expenditures of \$15.0 million to \$20.0 million, inclusion of free cash flow from the acquisitions noted above and the Company's ability to meet its segment profit guidance for fiscal 2015 of \$340.0 million to \$360.0 million.

The actual fiscal 2014 financial results were below the Company's expectations, primarily due to a weak advertising market, lower than anticipated Pay subscribers, and slower actual Canadian economic growth than anticipated. Although the Company exceeded its annual acquisition synergies target of \$12.0 million, the proforma starting point for its fiscal 2015 segment profit guidance is based on actual fiscal 2014 results assuming a full year of segment profit from the recently completed acquisitions, which is closer to \$300.0 million and not the previously stated \$330.0 million. As a result, the Company adjusted its fiscal 2015 consolidated segment profit guidance to a revised range of \$300.0 million to \$320.0 million on October 23, 2014. The lower end of the Company's revised guidance range is based on the proforma starting point of \$300.0 million and assumes no growth in segment profit as a result of continued softness in the economy and its impact on the discretionary nature of advertising expenditures, minimal subscriber growth and minimal merchandising, distribution and other revenues. The upper end of the Company's revised guidance range assumes segment profit growth of 6% - 7% based on a stronger economy and advertising expenditures while Corus focuses on delivering continued excellent ratings on its Television properties and recovering its Radio ratings in the key advertising markets of Toronto and Vancouver. The Company has considerable operating leverage to achieve the upper end of its guidance range due to the fixed cost nature of its business and the conversion rate of its incremental revenue.

Free cash flow continues to be a key strength for the Company. Corus delivered fiscal 2014 free cash flow of \$175.0 million and, as a result, fiscal 2015 free cash flow guidance was increased to \$180.0 million plus on October 23, 2014. The revised free cash flow guidance is based on achieving the Company's revised forecasted segment profit guidance of \$300.0 million to \$320.0 million, the Company's historical working capital run rates and a capital expenditures target of \$20.0 million to \$25.0 million. The Company will hold its annual Investor Day on November 20, 2014.

TRANSACTIONS WITH RELATED PARTIES

Related party transactions are reviewed by Corus' Corporate Governance Committee which is comprised mainly of independent directors. The following sets forth the certain transactions in which the Company is involved.

TRANSACTIONS

The Company has transacted business in the normal course with Shaw and with entities over which the Company exercises significant influence and joint control. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, and have normal trade terms.

SHAW COMMUNICATIONS INC. (“SHAW”)

The Company and Shaw are subject to common voting control. During the year, the Company received cable subscriber, programming and advertising fees of \$118.5 million (2013 - \$119.5 million), and no production and distribution revenues (2013 - \$3.0 million) from Shaw. In addition, the Company paid cable and satellite system distribution access fees of \$5.6 million (2013 - \$4.6 million) and administrative and other fees of \$1.9 million (2013 - \$1.5 million) to Shaw. At August 31, 2014, the Company had \$22.3 million (2013 - \$21.5 million) receivable from Shaw.

The Company provided Shaw with interactive impressions, radio and television spots in return for television advertising. No monetary consideration was exchanged for these transactions and no amounts were recorded in the accounts.

SPECIALTY CHANNELS

During the year, the Company received administrative and other fees of \$1.1 million (2013 - \$7.7 million) from its non-wholly owned specialty channels including CMT, Cosmopolitan TV, and TLN. At August 31, 2014, the Company had \$0.1 million (2013 - \$0.9 million) receivable from these entities.

KEY MANAGEMENT PERSONNEL

Key management personnel consist of the Board of Directors and the Executive Management Team who have the authority and responsibility for planning, directing and controlling the activities of the Company. The Executive Management Team are also officers of the Company.

Included in other investments (note 5 to the audited consolidated financial statements) and share capital (note 15 to the audited consolidated financial statements) is a loan of \$0.2 million (2013 - \$0.2 million) made to the Chief Executive Officer of the Company for housing purposes prior to July 31, 2002. The loan is collateralized by charges on the officers' personal residence. The loan is non-interest bearing and is due October 31, 2022.

OUTSTANDING SHARE DATA

As at October 31, 2014, 3,428,292 Class A Voting Shares and 82,576,327 Class B Non-Voting Shares were issued and outstanding. Class A Voting Shares are convertible at any time into an equivalent number of Class B Non-Voting Shares. The Class B Non-Voting Shares are convertible into an equivalent number of Class A Voting Shares in limited circumstances as described in the Company's most recent Annual Information Form.

IMPACT OF NEW ACCOUNTING POLICIES

CHANGES IN ACCOUNTING POLICIES

In December 2011, the IASB amended both IAS 32 - *Financial Instruments: Presentation* and IFRS 7 - *Financial Instruments: Disclosures* by moving the disclosure requirements in IAS 32 to IFRS 7 and enhancing the disclosures about offsetting financial assets and liabilities. The effective date of the amendments is for the Company's fiscal year commencing September 1, 2013. The Company has assessed the impact of these standards and determined there is no impact on its consolidated financial statements.

IFRS 10 - *Consolidated Financial Statements*

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 supersedes SIC-12 - *Consolidations – Special Purpose Entities* and replaces parts of IAS 27 - *Consolidated and Separate Financial Statements*. The effective date of this amendment is for the Company's fiscal year commencing September 1, 2013. The Company has assessed the impact of this standard and determined there is no impact on its consolidated financial statements.

IFRS 12 - *Disclosure of Interests in Other Entities*

IFRS 12 establishes disclosure requirements for interests in other entities such as subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interest in other entities. IFRS 12 replaces the previous disclosure requirements included in IAS 27 - *Consolidated and Separate Financial Statements*, IAS 31 - *Joint Ventures* and IAS 28 - *Investment in Associates*. The effective date of this amendment is for the Company's fiscal year commencing September 1, 2013. The adoption of this standard affects disclosures but does not have an impact on the recognized amounts or measurements in the consolidated financial statements. As required, the enhanced disclosures are included in the annual consolidated financial statements for the year ended August 31, 2014.

IFRS 13 - *Fair Value Measurement*

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. IFRS 13 defines fair value and establishes disclosures about fair value measurement. The effective date of this amendment is for the Company's fiscal year commencing September 1, 2013. The adoption of this standard affects disclosures but does not otherwise have a material impact on the consolidated financial statements. As required, the enhanced disclosures are included in the annual consolidated financial statements for the year ended August 31, 2014.

IAS 28 - *Investments in Associates and Joint Ventures*

The IASB also amended IAS 28, an existing standard, to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 12. The effective date of this amendment is for the Company's fiscal year commencing September 1, 2013. The adoption of the standard has the impact noted in IFRS 11 - *Joint Arrangements* below.

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 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 cost of sale. 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 these consolidated financial statements.

IFRS 11 - *Joint Arrangements*

IFRS 11 replaced IAS 31 - *Interest in Joint Ventures* and SIC 13 - *Jointly Controlled Entities - Non-monetary Contributions by Ventures*. The standard eliminates the use of the proportionate consolidation method to account for jointly controlled entities. Joint ventures as defined in IFRS 11 have been accounted for using the equity method of accounting while, for a joint operation, the venture will recognize its right to and obligations for the assets, liabilities, revenues and expenses of the joint operation. The new standard was effective for Corus' fiscal year commencing September 1, 2013, with retroactive application to September 1, 2012. Historically, the Company proportionately consolidated its jointly controlled entity, TELETOON Canada Inc. With the adoption of this standard, the revenues, expenses, assets and liabilities from these operations for Corus' prior fiscal year are no longer proportionately consolidated in the Company's consolidated financial statements but have been replaced by *Investment in joint ventures* in the consolidated statements of financial position and the Company's share of the joint venture's income is contained in *Other expense (income), net* in the consolidated statements of income and comprehensive income. The effect of the Company's retroactive application of this standard is summarized below for the consolidated statements of financial position, income and comprehensive income and cash flows for the periods indicated.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(thousands of Canadian dollars)

August 31, 2013

September 1, 2012

	Originally Reported	IFRS 11 Adjustment	Restated	Originally Reported	IFRS 11 Adjustment	Restated
Assets						
Cash and cash equivalents	86,081	(4,815)	81,266	24,588	(5,390)	19,198
Accounts receivable	176,504	(12,202)	164,302	173,421	(10,076)	163,345
Promissory note receivable	47,759	—	47,759	—	—	—
Income taxes recoverable	341	10	351	9,542	—	9,542
Prepaid expenses and other	16,416	(24)	16,392	12,664	(45)	12,619
Total current assets	327,101	(17,031)	310,070	220,215	(15,511)	204,704
Tax credits receivable	41,564	—	41,564	43,865	—	43,865
Investments and Intangibles	42,975	—	42,975	42,390	—	42,390
Investments in joint ventures	—	125,931	125,931	—	121,704	121,704
Property, plant and equipment	151,398	(206)	151,192	163,563	(283)	163,280
Program and film rights	289,181	(56,594)	232,587	271,244	(41,938)	229,306
Film investments	62,734	(460)	62,274	67,983	(136)	67,847
Broadcast licenses	563,771	(48,735)	515,036	569,505	(48,735)	520,770
Goodwill	674,393	(28,348)	646,045	674,393	(28,348)	646,045
Deferred tax assets	39,463	—	39,463	28,327	—	28,327
	2,192,580	(25,443)	2,167,137	2,081,485	(13,247)	2,068,238
Liabilities and Shareholders' Equity						
Accounts payable and accrued liabilities	172,663	(8,220)	164,443	185,991	(8,624)	177,367
Income taxes payable	—	—	—	—	1,303	1,303
Provisions	3,941	—	3,941	2,322	—	2,322
Total current liabilities	176,604	(8,220)	168,384	188,313	(7,321)	180,992
Long-term debt	538,966	—	538,966	518,258	—	518,258
Other long-term liabilities	105,020	(11,779)	93,241	87,853	(265)	87,588
Deferred tax liabilities	151,157	(5,444)	145,713	150,971	(5,661)	145,310
Total liabilities	971,747	(25,443)	946,304	945,395	(13,247)	932,148
Shareholders' Equity						
Share capital	937,183	—	937,183	910,005	—	910,005
Contributed surplus	7,221	—	7,221	7,835	—	7,835
Retained earnings	256,517	—	256,517	198,445	—	198,445
Accumulated other comprehensive income (loss)	1,653	—	1,653	(812)	—	(812)
Total equity attributable to shareholders	1,202,574	—	1,202,574	1,115,473	—	1,115,473
Equity attributable to non-controlling interest	18,259	—	18,259	20,617	—	20,617
Total shareholders' equity	1,220,833	—	1,220,833	1,136,090	—	1,136,090
	2,192,580	(25,443)	2,167,137	2,081,485	(13,247)	2,068,238

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

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

Year ended August 31, 2013

	Originally Reported	IFRS 11 Adjustment	Restated
Revenues	803,541	(52,005)	751,536
Direct cost of sales, general and administrative expenses	533,529	(32,967)	500,562
Segment profit	270,012	(19,038)	250,974
Depreciation and amortization	26,903	(91)	26,812
Interest expense	46,332	(1,537)	44,795
Broadcast license and goodwill impairment	5,734	—	5,734
Debt refinancing	25,033	—	25,033
Business acquisition, integration and restructuring costs	7,343	—	7,343
Gain on sale of associated company	(55,394)	—	(55,394)
Other expense (income), net	8,553	(20)	8,533
Income from joint ventures	—	(12,093)	(12,093)
Income before income taxes	205,508	(5,297)	200,211
Income tax expense	39,759	(5,297)	34,462
Net income for the period	165,749	—	165,749
Net income attributable to:			
Shareholders	159,895	—	159,895
Non-controlling interest	5,854	—	5,854
	165,749	—	165,749
Earnings per share attributable to shareholders:			
Basic	\$ 1.91	—	\$ 1.91
Diluted	\$ 1.90	—	\$ 1.90
Net income for the period	165,749	—	165,749
Other comprehensive income (loss), net of tax:			
Items that may be reclassified subsequently to income:			
Unrealized foreign currency translation adjustment	2,333	—	2,333
Unrealized change in fair value of available-for-sale investments	132	—	132
Actuarial gain on employee future benefits	616	—	616
	3,081	—	3,081
Comprehensive income for the period	168,830	—	168,830
Comprehensive income attributable to:			
Shareholders	162,976	—	162,976
Non-controlling interest	5,854	—	5,854
	168,830	—	168,830

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars)

Year ended August 31, 2013

	Originally Reported	IFRS 11 Adjustment	Restated
Operating Activities			
Net income for the period	165,749	—	165,749
Add (deduct) non-cash items:			
Depreciation and amortization	26,903	(91)	26,812
Broadcast license and goodwill impairment	5,734	—	5,734
Amortization of program and film rights	190,176	(21,293)	168,883
Amortization of film investment	25,759	—	25,759
Deferred income taxes	(11,332)	—	(11,332)
Investment impairments	7,121	—	7,121
Share-based compensation expense	1,586	—	1,586
Imputed interest	11,816	(1,537)	10,279
Debt refinancing	25,033	—	25,033
Gain on sale of associated company	(55,394)	—	(55,394)
Other	700	(15,093)	(14,393)
Net change in non-cash working capital balances related to operations	4,584	2,184	6,768
Payment of program and film rights	(185,327)	25,525	(159,802)
Net additions to film investment	(46,074)	—	(46,074)
Cash provided by operating activities	167,034	(10,305)	156,729
Investing Activities			
Additions to property, plant and equipment	(13,043)	14	(13,029)
Dividends from investments in joint ventures	—	10,866	10,866
Net cash flows for investments and intangibles	(10,855)	—	(10,855)
Other	(652)	—	(652)
Cash used in investing activities	(24,550)	10,880	(13,670)
Financing Activities			
Increase in bank loans	(29,925)	—	(29,925)
Issuance of notes	550,000	—	550,000
Redemption of notes	(500,000)	—	(500,000)
Financing fees	(26,732)	—	(26,732)
Issuance of shares under stock option plan	884	—	884
Shares repurchased	(1,464)	—	(1,464)
Dividends paid	(56,696)	—	(56,696)
Dividends paid to non-controlling interest	(6,331)	—	(6,331)
Other	(10,727)	—	(10,727)
Cash used in financing activities	(80,991)	—	(80,991)
Net change in cash and cash equivalents during the period	61,493	575	62,068
Cash and cash equivalents, beginning of the period	24,588	(5,390)	19,198
Cash and cash equivalents, end of the period	86,081	(4,815)	81,266

RECENT ACCOUNTING PRONOUNCEMENTS

PENDING ACCOUNTING CHANGES

IFRS 9 - Financial Instruments: Classification and Measurement

In November 2009, the IASB issued IFRS 9, which covers classification and measurement as the first part of its project to replace IAS 39. In October 2010, the IASB also incorporated new accounting requirements for liabilities. The standard introduces new requirements for measurement and eliminates the current classification of loans and receivables, available-for-sale and held-to-maturity, currently in IAS 39. There are new requirements for the accounting of financial liabilities as well as a carryover of requirements from IAS 39. In 2013, the IASB also incorporated new accounting requirements for hedging and introduced a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognized and to recognize full lifetime expected losses on a timelier basis. The effective date of this pronouncement has been tentatively set to be effective for annual periods beginning on or after January 1, 2018. The Company is in the process of reviewing the standard to determine the impact on the 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 Company has assessed the impact of this standard and there is no impact on the consolidated financial statements.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, 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.

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.

CRITICAL ACCOUNTING ESTIMATES

The Company's significant accounting policies are described in note 3 to the fiscal 2014 audited consolidated financial statements and notes thereto, which have been prepared in accordance with IFRS. The preparation of these fiscal 2014 consolidated financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities, and related disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods.

Management uses estimates when accounting for certain items such as revenues, allowance for doubtful accounts, amortization of film investments, useful lives of capital assets, asset impairments, provisions, share-based compensation plans, employee benefit plans, deferred income taxes and impairment of goodwill and intangible assets. Estimates are also made by management when recording the fair value of assets acquired and liabilities assumed in a business combination.

Estimates are based on a number of factors, including historical experience, current events and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. Estimates and underlying assumptions are reviewed on an

ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual results could differ from those estimates. Critical accounting estimates and significant judgments are generally discussed with the Audit Committee each quarter.

The most significant estimates and judgments made by management are described below.

FILM INVESTMENTS

The individual-film-forecast-computation method is used to determine amortization. Under this method, capitalized costs and the estimated total costs of participations and residuals, net of anticipated federal and provincial program contributions, production tax credits and co-producers' share of production costs for an individual film or television program, are charged to amortization expense on a series or program basis in the same ratio that current period actual revenues bear to management's estimates of the total future revenue expected to be received from such film or television program over a period not to exceed 10 years from the date of delivery. Future revenues are based on historical sales performance for the genre of series or program, the number of episodes produced and the availability of rights in each territory. Estimates of future revenues can change significantly due to the level of market acceptance of film and television products. Accordingly, revenue estimates are reviewed periodically and amortization is adjusted prospectively. In addition, if revenue estimates change significantly with respect to a film or television program, the Company may be required to write down all or a portion of the unamortized costs of such film or television program, therefore impacting direct cost of sales, general and administrative expenses and profitability.

IMPAIRMENT OF LONG-LIVED ASSETS

At each reporting date, the Company assesses its long-lived assets, including property, plant and equipment, program and film rights, film investments, goodwill and intangible assets, for potential indicators of impairment, such as an adverse change in business climate that may indicate that these assets may be impaired. If any impairment indicator exists, the Company estimates the asset's recoverable amount. 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, in which case the asset is assessed as part of the cash generating unit ("CGU") to which it belongs. An asset's or CGU's recoverable amount is the higher of its fair value less costs to sell and its value in use. The determination of the recoverable amount in the impairment assessment requires estimates based on quoted market prices, prices of comparable businesses, present value or other valuation techniques, or a combination thereof, necessitating management to make subjective judgments and assumptions.

Goodwill is allocated to a CGU or group of CGUs for the purposes of impairment testing based on the level at which management monitors it, which is not larger than an operating segment. The Company records an impairment loss if the recoverable amount of the CGU or the group of CGUs is less than the carrying amount. Goodwill and indefinite-life assets, such as broadcast licenses, are not amortized but are tested for impairment at least annually or more frequently if events or changes in circumstances indicate that an impairment may have occurred.

The Company completes its annual impairment testing process for broadcast licenses and goodwill during the fourth quarter each year.

The test for impairment of either an intangible asset or goodwill is to compare the recoverable amount of the asset or CGU (or group of CGUs in the case of goodwill) to the carrying value. The recoverable amount is the higher of an asset's or CGU's (or group of CGUs in the case of goodwill) fair value less costs to sell and its value in use. 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 value in use cannot be determined to equal its fair value less costs to sell. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

In calculating the recoverable amount, management is required to make several assumptions including, but not limited to, segment profit growth rates, future levels of capital expenditures, expected future cash flows and discount rates. The Company's assumptions are influenced by current market conditions and general outlook for the industry, both of which may affect expected segment profit growth rates and expected cash flows. The Company has made certain assumptions for the discount and terminal growth rates to reflect possible variations in the cash flows; however, the risk premiums expected by market participants related to uncertainties about the

industry, specific CGU or groups of CGUs may differ or change quickly depending on economic conditions and other events. Changes in any of these assumptions could have a significant impact on the recoverable amount of the CGU or groups of CGUs and the results of the related impairment testing.

During fiscal 2014, the Company recorded impairment charges totaling \$83.0 million for certain broadcast licenses and goodwill related to the radio business as a result of interim testing in the second and third quarters of fiscal 2014. 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 goodwill impairment test, would have resulted in additional goodwill impairment charges in the Radio segment of between \$1.6 million and \$8.0 million. However, no material additional broadcast license impairments would arise.

The Company has completed its annual impairment testing of goodwill and indefinite lived intangible assets in the fourth quarter of fiscal 2014 and concluded that there were no additional impairment charges required. The Company also assessed for indicators that previous impairment losses had decreased. There were no previously recorded impairment charges reversed.

INCOME TAXES

The Company is subject to income taxes in Canada and foreign jurisdictions. The calculation of income taxes in many cases, however, requires significant judgment in interpreting tax rules and regulations. The Company's tax filings are subject to audits which could materially change the amount of current and deferred income tax assets and liabilities and could, in certain circumstances, result in the assessment of interest and penalties.

Additionally, estimation of the income tax provision includes evaluating the recoverability of deferred tax assets based on the assessment of the Company's ability to use the underlying future tax deductions before they expire against future taxable income. The assessment is based upon existing tax laws, estimates of future profitability and tax planning strategies. If the future taxable results of the Company differ significantly from those expected, the Company would be required to increase or decrease the carrying value of the deferred tax assets with a potentially material impact on the Company's consolidated statement of financial position and consolidated statement of comprehensive income. The carrying amount of deferred tax assets is reassessed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to utilize all or part of the deferred tax assets. Unrecognized deferred tax assets are recognized to the extent that it is more likely than not that taxable profit will be available against which deferred tax assets can be utilized.

EMPLOYMENT BENEFIT PLANS

The Company has four defined benefit plans for certain unionized and non-unionized employees and two supplementary executive retirement plans which provide pension benefits to certain of its key senior executives. The amounts reported in the consolidated financial statements related to these plans are determined using actuarial valuations that are based on several assumptions. The assumptions and estimates include the discount rate, rate of compensation increase, trend in healthcare costs and expected average remaining years of service of employees. Changes to these assumptions and estimates and plan asset performance that differs from the discount rate used would impact the amounts recorded in the consolidated financial statements related to these plans. As well, market-driven changes may result in changes in the discount rates and other variables which would result in the Company being required to make contributions in the future that differ significantly from the current contributions and assumptions incorporated into the actuarial valuation process.

The significant assumptions used on the benefit obligation are disclosed in note 29 of the audited consolidated financial statements.

SHARE-BASED COMPENSATION

In the evaluation of the fair value of stock options, Deferred Share Units ("DSUs"), Performance Share Units ("PSUs"), and Restricted Share Units ("RSUs") granted to eligible officers, directors and employees, the Company makes estimates and assumptions. Critical estimates and assumptions related to stock options include their expected life, the risk-free interest rate and the expected volatility of the market price of the shares. Critical estimates and assumptions related to DSUs, PSUs and RSUs include number of units expected to vest, the estimated dividend equivalents, and the achievement of specific vesting conditions. The Company believes that the assumptions used

are reasonable based on information currently available, but changes to these assumptions could impact the fair value of stock options, DSUs, PSUs and RSUs and therefore, the share-based compensation costs recorded in direct cost of sales, general and administrative expenses.

CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer, together with management, are responsible for establishing and maintaining disclosure controls and procedures (as defined in National Instrument 52-109) and have designed such disclosure controls and procedures (or have caused it to be designed under their supervision) to provide reasonable assurance that material information with respect to Corus, including its consolidated subsidiaries, is made known to them. Disclosure controls and procedures ensure that information required to be disclosed by Corus in the reports that it files or submits under the provincial securities legislation is recorded, processed, summarized and reported within the time periods required. Corus has adopted or formalized such disclosure controls and procedures as it believes are necessary and consistent with its business and internal management and supervisory practices.

The Company's Chief Executive Officer and Chief Financial Officer, supported by Corus' management, evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by these annual filings, and have concluded that, as of August 31, 2014, the Company's disclosure controls and procedures were effective.

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Chief Executive Officer and Chief Financial Officer, together with management, are responsible for designing internal control over financial reporting (or cause it to be designed under their supervision) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting in accordance with IFRS.

The Chief Executive Officer and Chief Financial Officer, supported by Corus' management, evaluated the effectiveness of the Company's internal control over financial reporting, as of August 31, 2014, based on the framework set forth in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on its evaluation under this framework, management concluded that the Company's internal control over financial reporting was effective as of that date.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There were no changes in the Company's internal control over financial reporting that occurred during fiscal 2014 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

The design of any system of controls and procedures is based in part upon certain assumptions about the likelihood of certain events. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Annual Information Form, can be found on SEDAR at www.sedar.com.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Corus Entertainment Inc. ("Corus") and all the information in this Annual Report are the responsibility of management and have been approved by the Board of Directors (the "Board").

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects. Management has prepared the financial information presented elsewhere in this Annual Report and has ensured that it is consistent with the consolidated financial statements.

Corus maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate, and that the Company's assets are appropriately accounted for and adequately safeguarded. During the past year, management has maintained the operating effectiveness of internal control over external financial reporting. As at August 31, 2014, the Company's Chief Executive Officer and Chief Financial Officer evaluated, or caused an evaluation of under their direct supervision, the design and operation of the Company's internal controls over financial reporting (as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings) and, based on that assessment, determined that the Company's internal controls over financial reporting were appropriately designed and operating effectively.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting, and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility through its Audit Committee (the "Committee").

The Committee is appointed by the Board, and all of its members are independent unrelated directors. The Committee meets periodically with management, as well as with the internal and external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting items, to satisfy itself that each party is properly discharging its responsibilities, and to review the Annual Report, the consolidated financial statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the consolidated financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited by Ernst & Young LLP, the external auditors on behalf of the shareholders. Ernst & Young LLP has full and free access to the Committee.



John M. Cassaday
*President and
Chief Executive Officer*



Thomas C. Peddie FCPA, FCA
*Executive Vice President
and Chief Financial Officer*

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF CORUS ENTERTAINMENT INC.

We have audited the accompanying consolidated financial statements of **Corus Entertainment Inc.**, which comprise the consolidated statements of financial position as at August 31, 2014 and 2013, and the consolidated statements of income and comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

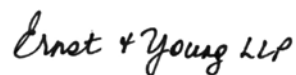
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements,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

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

OPINION

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

Toronto, Canada,
November 7, 2014

The logo for Ernst & Young LLP, featuring the company name in a stylized, handwritten-style font.

Chartered Professional Accountants
Licensed Public Accountants

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at August 31,	As at August 31,	As at September 1,
(in thousands of Canadian dollars)	2014	2013	2012
ASSETS			
Current			
Cash and cash equivalents	11,585	81,266	19,198
Accounts receivable (notes 4 and 23)	183,009	164,302	163,345
Promissory note receivable (note 26)	—	47,759	—
Income taxes recoverable	9,768	351	9,542
Prepaid expenses and other	13,032	16,392	12,619
Total current assets	217,394	310,070	204,704
Tax credits receivable	29,044	41,564	43,865
Investments and intangibles (note 5)	47,630	42,975	42,390
Investment in joint ventures (note 26)	—	125,931	121,704
Property, plant and equipment (note 6)	143,618	151,192	163,280
Program and film rights (note 7)	330,437	232,587	229,306
Film investments (note 8)	63,455	62,274	67,847
Broadcast licenses (note 9)	979,984	515,036	520,770
Goodwill (note 9)	934,859	646,045	646,045
Deferred tax assets (note 20)	38,161	39,463	28,327
	2,784,582	2,167,137	2,068,238
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities (note 11)	170,411	164,443	177,367
Income taxes payable (note 20)	—	—	1,303
Provisions (note 12)	5,314	3,941	2,322
Total current liabilities	175,725	168,384	180,992
Long-term debt (note 13)	874,251	538,966	518,258
Other long-term liabilities (note 14)	171,793	93,241	87,588
Deferred tax liabilities (note 20)	252,687	145,713	145,310
Total liabilities	1,474,456	946,304	932,148
SHAREHOLDERS' EQUITY			
Share capital (note 15)	967,330	937,183	910,005
Contributed surplus	8,385	7,221	7,835
Retained earnings	313,361	256,517	198,445
Accumulated other comprehensive income (loss) (note 16)	3,767	1,653	(812)
Total equity attributable to shareholders	1,292,843	1,202,574	1,115,473
Equity attributable to non-controlling interest	17,283	18,259	20,617
Total shareholders' equity	1,310,126	1,220,833	1,136,090
	2,784,582	2,167,137	2,068,238

Commitments, contingencies and guarantees (notes 13 and 27)
See accompanying notes

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the years ended August 31,

(in thousands of Canadian dollars, except per share amounts)	2014	2013
Revenues	833,016	751,536
Direct cost of sales, general and administrative expenses (note 17)	543,378	500,562
Depreciation and amortization (notes 5 and 6)	24,068	26,812
Interest expense (note 18)	48,320	44,795
Broadcast license and goodwill impairment (notes 9 and 10)	83,000	5,734
Debt refinancing (note 13)	—	25,033
Business acquisition, integration and restructuring costs (notes 12 and 26)	46,792	7,343
Gain on acquisition (note 26)	(127,884)	—
Gain on sale of associated company (note 26)	—	(55,394)
Other expense (income), net (note 19)	5,740	(3,560)
Income before income taxes	209,602	200,211
Income tax expense (note 20)	53,433	34,462
Net income for the period	156,169	165,749
Net income attributable to:		
Shareholders	150,408	159,895
Non-controlling interest	5,761	5,854
	156,169	165,749
Earnings per share attributable to shareholders:		
Basic	\$ 1.77	\$ 1.91
Diluted	\$ 1.76	\$ 1.90
Net income for the period	156,169	165,749
Other comprehensive income (loss), net of tax: (note 16)		
Items that may be reclassified subsequently to net income:		
Unrealized foreign currency translation adjustment	1,720	2,333
Unrealized change in fair value of available-for-sale investments	446	132
Unrealized change in fair value of cash flow hedges	(52)	—
Actuarial (loss) gain on employee future benefits	(2,188)	616
	(74)	3,081
Comprehensive income for the period	156,095	168,830
Comprehensive income attributable to:		
Shareholders	150,334	162,976
Non-controlling interest	5,761	5,854
	156,095	168,830

See accompanying notes

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of Canadian dollars)	Share capital (note 15)	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss) (note 16)	Total equity attributable to shareholders	Non- controlling interest	Total shareholders' equity
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 loss 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
At August 31, 2012	910,005	7,835	198,445	(812)	1,115,473	20,617	1,136,090
Comprehensive income	—	—	159,895	3,081	162,976	5,854	168,830
Actuarial gain transfer	—	—	616	(616)	—	—	—
Dividends declared	—	—	(84,452)	—	(84,452)	(6,331)	(90,783)
Issuance of shares under stock option plan	1,155	(2,200)	—	—	(1,045)	—	(1,045)
Issuance of shares under dividend reinvestment plan	26,731	—	—	—	26,731	—	26,731
Shares repurchased	(708)	—	(756)	—	(1,464)	—	(1,464)
Share-based compensation expense	—	1,586	—	—	1,586	—	1,586
Acquisition of non-controlling interest (note 26)	—	—	(17,231)	—	(17,231)	(1,881)	(19,112)
At August 31, 2013	937,183	7,221	256,517	1,653	1,202,574	18,259	1,220,833

See accompanying notes

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended August 31,

(in thousands of Canadian dollars)	2014	2013
OPERATING ACTIVITIES		
Net income for the period	156,169	165,749
Add (deduct) non-cash items:		
Depreciation and amortization (notes 5 and 6)	24,068	26,812
Broadcast license and goodwill impairment (notes 9 and 10)	83,000	5,734
Amortization of program and film rights (notes 7 and 17)	207,639	168,883
Amortization of film investments (notes 8 and 17)	19,808	25,759
Deferred income taxes (note 20)	5,638	(11,332)
Increase in purchase price obligation (note 26)	3,336	—
Investment impairments (notes 5, 8 and 19)	—	7,121
Share-based compensation expense (note 15)	2,026	1,586
Imputed interest (note 18)	14,698	10,279
Tangible benefit obligation (note 26)	31,916	—
Debt refinancing (note 13)	—	25,033
Gain on sale of associated company (note 26)	—	(55,394)
Gain on acquisition (note 26)	(127,884)	—
Other	2,402	(14,393)
Net change in non-cash working capital balances related to operations (note 24)	22,945	6,768
Payment of program and film rights	(225,935)	(159,802)
Net additions to film investments	(25,349)	(46,074)
Cash provided by operating activities	194,477	156,729
INVESTING ACTIVITIES		
Additions to property, plant and equipment (note 6)	(11,976)	(13,029)
Business combinations (note 26)	(497,393)	—
Dividends from investment in joint ventures (note 3)	—	10,866
Net cash flows for investments and intangibles	(11,493)	(10,855)
Other	(5,384)	(652)
Cash used in investing activities	(526,246)	(13,670)
FINANCING ACTIVITIES		
Increase (decrease) in bank loans	333,243	(29,925)
Issuance of notes (note 13)	—	550,000
Redemption of notes (note 13)	—	(500,000)
Financing fees (note 13)	(587)	(26,732)
Issuance of shares under stock option plan	4,603	884
Shares repurchased (note 15)	—	(1,464)
Dividends paid	(65,474)	(56,696)
Dividends paid to non-controlling interest	(6,737)	(6,331)
Other	(2,960)	(10,727)
Cash provided by (used in) financing activities	262,088	(80,991)
Net change in cash and cash equivalents during the year	(69,681)	62,068
Cash and cash equivalents, beginning of the year	81,266	19,198
Cash and cash equivalents, end of the year	11,585	81,266

Supplemental cash flow disclosures (note 24)

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1. CORPORATE INFORMATION

Corus Entertainment Inc. (the “Company” or “Corus”) is a diversified Canadian communications and entertainment 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 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. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These consolidated financial statements have been prepared using the accounting policies in note 3.

These consolidated financial statements have been authorized for use in accordance with a resolution from the Board of Directors on October 23, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The 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 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.

BASIS OF CONSOLIDATION

Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, which are the entities over which the Company has control. Control exists when the entity is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The non-controlling interest component of the Company’s subsidiaries is included in equity.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. The determination of control is assessed either through share ownership and/or control of the subsidiaries board of directors, which may require significant judgment.

The financial statements of the Company’s subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-company balances, transactions, unrealized gains and losses resulting from intra-company transactions and dividends are eliminated in full.

Associates and joint arrangements

Associates are entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement in which the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an

arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining joint control or significant influence are similar to those necessary to determine control over subsidiaries. The Company accounts for investments in associates and joint ventures using the equity method.

Investments in associates and joint ventures accounted for using the equity method are originally recognized at cost. Under the equity method, the investment in the associate or joint venture is carried on the consolidated statements of financial position at cost plus post-acquisition changes in the Company's share of income and other comprehensive income ("OCI"), less distributions of the investee. Goodwill on the acquisition of the associates and joint ventures is included in the cost of the investments and is neither amortized nor assessed for impairment separately.

The financial statements of the Company's equity-accounted for investments are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company. All intra-company unrealized gains resulting from intra-company transactions and dividends are eliminated against the investment to the extent of the Company's interest in the associate. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

After the application of the equity method, the Company determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired and consequently, whether it is necessary to recognize an additional impairment loss on the Company's investment in its associate or joint venture. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated statements of income and comprehensive income.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method of accounting, which requires the Company to identify and attribute values and estimated lives to the intangible assets acquired based on their estimated fair value. These determinations involve significant estimates and assumptions regarding cash flow projections, economic risk and weighted average cost of capital. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition-date fair value and the amount of any non-controlling interest in the acquiree.

For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in business acquisition, integration and restructuring costs.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be a financial asset or liability will be recognized in accordance with International Accounting Standard ("IAS") 39 - *Financial Instruments: Recognition and Measurement* either in profit or loss or as a change to OCI. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

REVENUE RECOGNITION

Advertising revenues are recognized in the period in which the advertising is aired under broadcast contracts and collection is reasonably assured.

Subscriber fee revenues are recognized monthly based on estimated subscriber levels for the period-end, which are based on the preceding month's actual subscribers as submitted by the broadcast distribution undertakings.

The Company's revenues related to production and distribution revenues from the distribution and licensing of film rights; royalties from merchandise licensing, publishing and music contracts; sale of licenses, customer support, training and consulting related to the animation software business; revenues from customer support; and sale of books are recognized when the significant risks and rewards of ownership have transferred to the buyer; the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the entity; the stage of completion of the transaction at the end of the reporting period can be measured reliably; the costs incurred for the transaction and the costs to complete the transaction can be measured reliably; and the Company does not retain either continuing managerial involvement or effective control.

Customer advances on contracts are recorded as unearned revenue until all of the foregoing revenue recognition conditions have been met.

Non-refundable advances, whether recoupable or non-recoupable, on royalties are recognized when the license period has commenced and collection is reasonably assured, unless there are future performance obligations associated with the royalty advance for which, in that case, revenue recognition is deferred and recognized when the performance obligations are discharged. Refundable advances are deferred and recognized as revenue as the performance obligations are discharged.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and short-term deposits with maturities of less than three months at the date of purchase. Cash that is held in escrow, or otherwise restricted from use, is excluded from current assets and is reported separately from cash and cash equivalents.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment, and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Repair and maintenance costs are recognized in the consolidated statements of income and comprehensive income as incurred.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Land and assets not available for use	Not depreciated
Equipment	
Broadcasting	5 - 10 years
Computer	3 - 5 years
Leasehold improvements	Lease term
Buildings	
Structure	20 - 30 years
Components	10 - 20 years
Furniture and fixtures	7 years
Other	4 - 10 years

An item of property, plant and equipment and any significant part initially recognized are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of income and comprehensive income when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at least annually and the depreciation charge is adjusted prospectively, if appropriate.

BORROWING COSTS

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they are incurred.

PROGRAM RIGHTS

Program rights represent contract rights acquired from third parties to broadcast television programs, feature films and radio programs. The assets and liabilities related to these rights are recorded when the Company controls the asset, the expected future economic benefits are probable and the cost is reliably measurable. The Company generally considers these criteria to be met and records the assets and liabilities when the license period has begun, the program material is accepted by the Company and the material is available for airing. Long-term liabilities related to these rights are recorded at the net present value of future cash flows, using an appropriate discount rate. These costs are amortized over the contracted exhibition period as the programs or feature films are aired. Program and film rights are carried at cost less accumulated amortization. At each reporting date, the Company assesses its program rights for indicators of impairment and, if any exist, the Company estimates the asset's or cash generating unit's ("CGUs") recoverable amount.

The amortization period and the amortization method for program rights are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization of program rights is included in direct cost of sales, general and administrative expenses and has been disclosed separately in the consolidated statements of cash flows.

FILM INVESTMENTS

Film investments represent the costs of projects in development, projects in process, the unamortized costs of proprietary films and television programs that have been produced by the Company or for which the Company has acquired distribution rights, and third-party-produced equity film investments. Such costs include development and production expenditures and attributed studio and other costs that are expected to benefit future periods. Costs are capitalized upon project greenlight for produced and acquired films and television programs.

The individual-film-forecast-computation method is used to determine amortization. Under this method, capitalized costs and the estimated total costs of participations and residuals, net of anticipated federal and provincial program contributions, production tax credits and coproducers' share of production costs, are charged to amortization expense on a series or program basis in the same ratio that current period actual revenues (numerator) bears to estimated remaining unrecognized future revenues as of the beginning of the current fiscal year (denominator). Future revenues are projected for periods generally not exceeding 10 years from the date of delivery or acquisition. For episodic television series, future revenues include estimates of revenues over a period generally not exceeding 10 years from the date of delivery of the first episode or, if still in production, five years from the date of delivery of the most recent episode, if later. Future revenues are based on historical sales performance for the genre of series or program, the number of episodes produced and the availability of rights in each territory. Estimates of future revenues can change significantly due to the level of market acceptance of film and television products. Accordingly, revenue estimates are reviewed periodically and amortization is adjusted prospectively. In addition, if revenue estimates change significantly with respect to a film or television program, the Company may be required to write down all or a portion of the unamortized costs of such film or television program, therefore impacting direct cost of sales, general and administrative expenses and profitability.

Projects in process represent the accumulated costs of television series or feature films currently in production.

Completed project and distribution rights are stated at the lower of unamortized cost and recoverable amount as determined on a series or program basis. Revenue and cost forecasts for each production are evaluated at each reporting date in connection with a comprehensive review of the Company's film investments, on a title-by-title basis. When an event or change in circumstances indicates that the recoverable amount of a film is less than its unamortized cost, the carrying value is compared to the recoverable amount and if the carrying value is higher, the carrying value is written down to the recoverable amount. The recoverable amount of the film is determined using management's estimates of future revenues under a discounted cash flow approach.

Third-party-produced equity film investments are carried at fair value. Cash received from an investment is recorded as a reduction of such investment on the consolidated statements of financial position and the Company records income on the consolidated statements of income and comprehensive income only when the investment is fully recouped.

Amortization of film investments is included in direct cost of sales, general and administrative expenses and has been disclosed separately in the consolidated statements of cash flows.

GOODWILL AND INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in a business combination are measured at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment charges, if any. Internally generated intangible assets such as goodwill, brands and customer lists, excluding capitalized program and film development costs, are not capitalized and expenditures are reflected in the consolidated statements of income and comprehensive income in the year in which the expenditure is incurred.

Intangible assets are recognized separately from goodwill when they are separable or arise from contractual or other legal rights and their fair value can be measured reliably. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for intangible assets with finite useful lives are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of income and comprehensive income in the expense category, consistent with the function of the intangible assets.

Amortization is recorded on a straight-line basis over the estimated useful life of the asset as follows:

Brand names, trade marks and digital rights	Agreement term
Software, patents and customer lists	3 - 5 years

Intangible assets with indefinite useful lives are not amortized. Broadcast licenses are considered to have an indefinite life based on management's intent and ability to renew the licenses without significant cost and without material modification of the existing terms and conditions of the license. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to a CGU or group of CGUs that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The group of CGUs is not larger than the level at which management monitors goodwill or the Company's operating segments.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair value of the operation disposed of and the portion of the CGU retained.

Broadcast licenses and goodwill are tested for impairment annually or more frequently if events or circumstances indicate that they may be impaired. The Company completes its annual testing during the fourth quarter each year.

Broadcast licenses by themselves do not generate cash inflows and therefore, when assessing these assets for impairment, the Company looks to the CGU to which the asset belongs. The identification of CGUs involves judgment and is based on how senior management monitors operations; however, the lowest aggregations of assets that generate largely independent cash inflows represent CGUs for broadcast license impairment testing.

CGUs for broadcast license impairment testing

For the Television segment, the Company has determined that there are two CGUs: (1) specialty and pay television networks that are operated and managed directly by the Company; and (2) other, as these are the levels at which independent cash inflows have been identified.

For the Radio segment, the Company has determined that the CGU is a radio cluster whereby a cluster represents a geographic area, generally a city, where radio stations are combined for the purpose of managing performance. These clusters are managed as a single asset by a general manager and overhead costs are allocated amongst the cluster and have independent cash inflows at the cluster level.

Groups of CGUs for goodwill impairment testing

For purposes of impairment testing of goodwill, the Company has grouped the CGUs within the Television and Radio operating segments and is performing the test at the operating segment level. This is the lowest level at which management monitors goodwill for internal management purposes.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statements of income and comprehensive income when the asset is derecognized.

GOVERNMENT FINANCING AND ASSISTANCE

The Company has access to several government programs that are designed to assist film and television production in Canada. Funding from certain programs provides a supplement to a series' Canadian license fee and is recorded as revenue when cash has been received. Government assistance with respect to federal and provincial production tax credits is recorded as a reduction of film investments when eligible expenditures are made and there is reasonable assurance of realization. Assistance in connection with internally produced film investments is recorded as a reduction in film investments. The accrual of production tax credits on a contemporaneous basis with production expenditures are based on a five-year historical trending of the ratio of actual production tax credits received to total production tax credits applied for.

Government assistance with respect to digital activities is recorded as a reduction in the related expenses when management has reasonable assurance that the conditions of the government programs are met.

Government grants approved for specific publishing projects are recorded as revenue when the related expenses are incurred and there is reasonable assurance of realization.

FOREIGN CURRENCY TRANSLATION

Assets and liabilities of operations having a functional currency other than Canadian dollars are translated at the rate of exchange at the consolidated statements of financial position date. Revenues and expenses are translated at average exchange rates for the year. The resulting foreign currency translation adjustments are recognized in OCI.

Foreign currency transactions are translated into the functional currency at the rate of exchange at the transaction date. Foreign currency denominated monetary assets and liabilities are translated into the functional currency at the rate of exchange at the consolidated statements of financial position date. Gains and losses on translation of monetary items are recognized in the consolidated statements of income and comprehensive income.

INCOME TAXES

Tax expense comprises current and deferred income taxes. Tax expense is recognized in the consolidated statements of income, unless it relates to items recognized outside the consolidated statements of income. Tax expense relating to items recognized outside of the consolidated statements of income is recognized in correlation to the underlying transaction in either OCI or equity.

Current income tax

The Company records current income tax expense or recovery based on taxable income earned or loss incurred for the period in each tax jurisdiction where it operates, and for any adjustment to taxes payable in respect of previous years, using tax laws that are enacted or substantively enacted at the consolidated statements of financial position date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation. The Company establishes provisions related to tax uncertainties, where appropriate, based on its best estimate of the amount that will ultimately be paid to or received from taxation authorities.

Deferred income tax

The Company uses the liability method of accounting for deferred income taxes. Under this method, the Company recognizes deferred income tax assets and liabilities for future income tax consequences attributable to temporary differences between the financial statement carrying amounts of assets and liabilities and their respective income tax bases, and on unused tax losses and tax credit carryforwards. The deferred tax assets and liabilities related to intangible assets with indefinite useful lives have been measured based on the Company's expectation that these assets will be recovered through use. The Company measures deferred income taxes using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The Company recognizes deferred income tax assets only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences as well as unused tax losses and tax credit carryforwards can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. The Company recognizes the effect of a change in income tax rates in the period of enactment or substantive enactment.

Deferred income taxes are not recognized if they arise from the initial recognition of goodwill, nor are they recognized on temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss. Deferred income taxes are also not recognized on temporary differences relating to investments in subsidiaries to the extent that it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

To determine the provision for income taxes, certain assumptions are made, including filing positions on certain items and the ability to realize deferred tax assets. In the event the outcome differs from management's assumptions and estimates, the effective tax rate in future periods could be affected.

PROVISIONS

Provisions are recognized if the Company has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation as of the date of the consolidated statements of financial position, taking into account the risks and uncertainties surrounding the obligation. In some situations, external advice may be obtained to assist with the estimates.

Provisions are discounted and measured at the present value of the expenditure expected to be required to settle the obligation, using an after-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense. Future information could change the estimates and thus impact the Company's financial position and results of operations.

FINANCIAL INSTRUMENTS

Financial assets within the scope of IAS 39 - *Financial Instruments: recognition and measurement* are classified as financial assets at fair value through profit or loss, loans and receivables or available-for-sale ("AFS"), as appropriate. The Company determines the classification of its financial assets at initial recognition.

Financial instruments classified at fair value through profit or loss and financial assets classified as AFS are recognized on the trade date, which is the date that the Company commits to purchase or sell the asset.

The Company has classified its financial instruments as follows:

Fair value through profit or loss	Loans and receivables	Available-for-sale	Other financial liabilities	Derivatives
<ul style="list-style-type: none"> • Cash and cash equivalents 	<ul style="list-style-type: none"> • Accounts receivable • Loans and other receivables included in "investments and intangibles" • Promissory note receivable 	<ul style="list-style-type: none"> • Other portfolio investments included in "investments and intangibles" • Third-party-produced equity film investments 	<ul style="list-style-type: none"> • Accounts payable and accrued liabilities • Long-term debt • Other long-term financial liabilities included in "Other long-term liabilities" 	<ul style="list-style-type: none"> • Derivatives that are part of a cash flow hedging relationship

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried at fair value. Changes in fair value are recognized in other income (expense) in the consolidated statements of income and comprehensive income.

Loans and receivables

Loans and receivables are initially recognized at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method less any impairment. Receivables are reduced by provisions for estimated bad debts which are determined by reference to past experience and expectations.

Financial assets classified as AFS

Financial assets that are not classified as at fair value through profit or loss or as loans and receivables are classified as AFS. A financial asset classified as AFS is initially recognized at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. AFS financial instruments are subsequently measured at fair value, with unrealized gains and losses recognized in OCI and accumulated in accumulated other comprehensive income ("AOCI") until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss is reclassified to the consolidated statements of income and comprehensive income and removed from AOCI. AFS equity instruments not quoted in an active market where fair value is not reliably determinable are recorded at cost less impairment, if any, determined based on the present values of expected future cash flows.

Other financial liabilities

Financial liabilities within the scope of IAS 39 are classified as other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition.

Other financial liabilities are measured at amortized cost using the effective interest rate method. Long-term debt instruments are initially measured at fair value, which is the consideration received, net of transaction costs incurred. Transaction costs related to the long-term debt instruments are included in the value of the instruments and amortized using the effective interest rate method.

Derivatives

Derivatives that are part of an established and documented cash flow hedging relationship, such as interest rate swap agreements, are presented at their fair value, with gains or losses arising from the revaluation at the end of each year included in other comprehensive income (loss) to the extent of hedge effectiveness.

Instruments that have been entered into by the Company to hedge exposure to interest rate risk are reviewed on a regular basis to ensure the hedges are still effective and that hedge accounting continues to be appropriate.

Derecognition

A financial asset is derecognized when the rights to receive cash flows from the asset have expired, or when the Company transfers its rights to receive cash flows from the asset and the associated risks and rewards to a third party. The unrealized gains and losses recorded in AOCI are transferred to the consolidated statements of income and comprehensive income on disposal of an AFS asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Determination of fair value

Fair value is defined as the price at which an asset or liability could be exchanged in a current transaction between knowledgeable, willing parties, other than in a forced or liquidation sale. The fair value of instruments that are quoted in active markets is determined using the quoted prices where they represent those at which regularly and recently occurring transactions take place. The Company uses valuation techniques to establish the fair value of instruments where prices quoted in active markets are not available. Therefore, where possible, parameter inputs to the valuation techniques are based on observable data derived from prices of relevant instruments traded in an active market. These valuation techniques involve some level of management estimation and judgment, the degree of which will depend on the price transparency for the instrument or market and the instrument's complexity.

The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair values of cash and cash equivalents are classified within Level 1 because they are based on quoted prices for identical assets in active markets.

The fair value of portfolio investments measured at fair value are classified within Level 2 because even though the security is listed, it is not actively traded. The Company determines the fair value for interest rate swaps as the net discounted future cash flows using the implied zero-coupon forward swap yield curve. The change in the difference between the discounted cash flow streams for the hedged item and the hedging item is deemed to be hedge ineffectiveness and is recorded in the consolidated statements of income. The fair value of the interest rate swap is based on forward yield curves, which are observable inputs provided by banks and available in other public data sources, and are classified within Level 2.

The fair value of the 4.25% Senior Unsecured Guaranteed Notes ("2020 Notes") are classified within Level 2 because they are traded, however, in what is not considered an active market.

The fair value of third-party-produced equity film investments and the related forward purchase obligations are classified within Level 3, as there is little to no market activity and the amounts recorded are based on a discounted cash flow model and expected future cash flows.

The fair value of investments in venture funds is not reliably measured given the start-up nature of the underlying investments of these funds and therefore, they are measured at cost.

HEDGES

Hedge accounting is applied to interest rate swap agreements to fix the interest rate on the term facility. In order to apply hedge accounting, a high correlation (which indicates effectiveness) is required in the offsetting changes in the values of the financial instruments (the hedging items) used to establish the designated hedging relationships at inception and actual effectiveness for each reporting period thereafter. A designated hedging relationship is assessed at inception for its anticipated effectiveness and actual effectiveness for each reporting period thereafter. Any ineffectiveness, is reflected in the consolidated statements of income and other comprehensive income as financing costs within other expense (income), net.

In the application of hedge accounting, an amount (the hedge value) is recorded on the consolidated statements of financial position in respect of the fair value of the hedging item. The net difference, if any, between the amount recognized in the determination of net income and the amounts necessary to reflect the fair value of the designated cash flow hedging items on the consolidated statements of financial position is recognized as a component of OCI.

SHARE-BASED COMPENSATION

The Company has a stock option plan, two Deferred Share Units (“DSUs”) plans, a Performance Share Units (“PSUs”) plan and a Restricted Share Units (“RSUs”) plan, with units under such plans awarded to certain employees and directors.

The fair value of the stock options granted which represent equity awards are measured using the Black-Scholes option pricing model. For stock options, the model considers each tranche with graded vesting features as a separate share option grant. Forfeitures for the stock options are estimated on the grant date and revised if the actual forfeitures differ from previous estimates.

This fair value is recognized as share-based compensation expense over the vesting periods, with a related credit to contributed surplus. The contributed surplus balance is reduced as options are exercised through a credit to share capital. The consideration paid by option holders is credited to share capital when the options are exercised.

Eligible executives and non-employee directors may elect to receive DSUs equivalent in value to Class B Non-Voting Shares of the Company in lieu of certain cash payments. Share-based compensation expense is recorded in the year of receipt of the DSUs and changes in the fair value of outstanding DSUs, including deemed dividend equivalents, are recorded as an expense in the period that they occur. These DSUs can only be redeemed once the executive or director is no longer employed with the Company.

Eligible executives may be granted awards of DSUs, PSUs and RSUs equivalent in value to Class B Non-Voting Shares of the Company. PSUs, DSUs and RSUs vest after three to five years and are settled in cash at the end of the restriction period or in the case of DSUs when the executive is no longer employed with the Company. DSUs, PSUs and RSUs are accrued over the three to five-year vesting period as share-based compensation expense and a related liability.

Forfeitures are estimated on the grant date and revised if the actual forfeitures differ from the estimates. The liability is recorded at fair value, which includes deemed dividend equivalents in the case of PSUs and DSUs, at each reporting date. Accrued DSUs, PSUs and RSUs are recorded as long-term liabilities, except for the portion that will vest within 12 months which is recorded as a current liability.

Each DSU, PSU and RSU entitles the participant to receive a cash payment in an amount equal to the 20-day volume weighted average price (“VWAP”) of Class B Non-Voting Shares traded on the TSX at the end of the restriction period, multiplied by the number of vested units determined by achievement of vesting conditions.

The cost of share-based compensation is included in direct cost of sales, general and administrative expenses.

EMPLOYEE BENEFITS

The Company has previously early adopted IAS 19 - *Employee Future Benefits* (as amended in 2011) fully and retrospectively.

The Company maintains capital accumulation (defined contribution) and defined benefit employee benefit plans. Company contributions to capital accumulation plans are expensed as incurred.

The defined benefit plans are unfunded plans for members of senior management and funded plans for certain other employees. The costs of providing benefits under the defined benefit plans are calculated by independent actuaries separately for each plan using the projected unit credit method prorated on service and management’s best estimate of assumptions of salary increases and retirement ages of employees. On an interim basis, management estimates the changes in the actuarial gains and losses. These estimates are adjusted when the annual valuation or estimate is completed by the independent actuaries. The present value of the defined benefit obligations are determined by discounting estimated future cash flows using a discount rate based on high-quality corporate bonds with maturities that match the expected maturity of the obligations. A lower discount rate would result in a higher employee benefit obligation.

Current service, interest and past service costs and gains or losses on settlement are recognized in the consolidated statements of income and comprehensive income. Actuarial gains and losses for the plans are recognized in full in the period in which they occur in OCI. Such actuarial gains and losses are also immediately recognized in retained earnings and are not reclassified to profit or loss in subsequent periods. The asset or liability that is recognized

on the consolidated statements of financial position is the present value of the defined benefit obligation at the reporting date less the fair value of the plans' assets. For the funded plans, the value of any additional minimum funding requirements (as determined by the applicable pension legislation) is recognized to the extent that the amounts are not considered recoverable. Recoverability is primarily based on the extent to which the Company can reduce the future contributions to the plans.

Past service costs are recognized immediately upon the introduction of, or changes to, the defined benefit plans.

IMPAIRMENT OF LONG-LIVED ASSETS

At each reporting date, the Company assesses its long-lived assets, including property, plant and equipment, program and film rights, film investments, goodwill and intangible assets, for potential indicators of impairment, such as an adverse change in business climate that may indicate that these assets may be impaired. If any impairment indicator exists, the Company estimates the asset's recoverable amount. 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, in which case the asset is assessed as part of the CGU to which it belongs. An asset's or CGU's recoverable amount is the higher of its fair value less costs to sell ("FVLCS") and its value in use ("VIU"). The determination of the recoverable amount in the impairment assessment requires estimates based on quoted market prices, prices of comparable businesses, present value or other valuation techniques, or a combination thereof, necessitating management to make subjective judgments and assumptions.

The Company records impairment losses on its long-lived assets when the Company believes that their carrying value may not be recoverable. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If the reasons for impairment no longer apply, impairment losses may be reversed up to a maximum of the carrying amount of the respective asset if the impairment loss had not been recognized.

Goodwill

Goodwill is reviewed for impairment annually or more frequently if there are indications that impairment may have occurred.

Goodwill is allocated to a CGU or group of CGUs for the purposes of impairment testing based on the level at which management monitors it, which is not larger than an operating segment. The Company records an impairment loss if the recoverable amount of the CGU or group of CGUs is less than the carrying amount.

Refer to note 10 for further details on the Company's annual impairment testing for goodwill.

Broadcast licenses

Broadcast licenses are reviewed for impairment annually or more frequently if there are indications that impairment may have occurred.

Broadcast licenses are allocated to a CGU for the purposes of impairment testing. The Company records an impairment loss if the recoverable amount of the CGU is less than the carrying amount.

Refer to note 10 for further details on the Company's annual impairment testing for broadcast licenses.

Intangible assets and property, plant and equipment

The useful lives of the intangible assets with definite lives (which are amortized) and property, plant and equipment are confirmed at least annually and only tested for impairment if events or changes in circumstances indicate that an impairment may have occurred.

LEASES

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. Where the Company is the lessee, asset values recorded under finance leases are amortized on a straight-line basis over the period of expected use. Obligations recorded under finance leases are reduced by lease payments net of imputed interest. Operating lease commitments, for which lease payments are recognized as an expense in the consolidated statements of income and comprehensive income, are recognized on a straight-line basis over the lease term.

EARNINGS PER SHARE

Basic earnings per share are calculated using the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share assumes the basic weighted average number of common shares outstanding during the year is increased to include the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued. The dilutive effect of stock options is determined using the treasury stock method.

USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results.

The most significant estimates made by management in the preparation of the Company's consolidated financial statements include estimates related to:

- future revenue projections used in determining amortization of film investments;
- the recoverability of long-lived assets including property, plant and equipment, program and film rights, film investments, goodwill, broadcast licenses and intangible assets;
- determining fair value of share-based compensation;
- certain actuarial and economic assumptions used in determining defined benefit pension costs, accrued pension benefit obligations and pension plan assets;
- the estimated useful lives of assets; and
- tax provisions and uncertain tax positions in each of the jurisdictions in which the Company operates.

The most significant judgments made by management in the preparation of the Company's consolidated financial statements include judgments related to:

- assessments about whether line items are sufficiently material to warrant separate presentation in the primary financial statements and, if not, whether they are sufficiently material to warrant separate presentation in the financial statement notes;
- identifying CGUs;
- the allocation of our net assets including shared corporate and administrative assets, to our CGUs when determining their carrying amounts;
- determining that broadcast licenses have indefinite lives;
- determining control for purposes of consolidation of an investment; and
- determining tax rate for recognition of deferred income tax on broadcast licenses.

The significant assumptions that affect these estimates and judgments in the application of accounting policies are noted throughout these consolidated financial statements.

CHANGES IN ACCOUNTING POLICIES

In December 2011, the IASB amended both IAS 32 - *Financial Instruments: Presentation* and IFRS 7 - *Financial Instruments: Disclosures* by moving the disclosure requirements in IAS 32 to IFRS 7 and enhancing the disclosures about offsetting financial assets and liabilities. The effective date of the amendments is for the Company's fiscal year commencing September 1, 2013. The Company has assessed the impact of these amendments and determined there is no impact on its consolidated financial statements.

IFRS 10 - Consolidated Financial Statements

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 supersedes SIC-12 - *Consolidation – Special Purpose Entities* and replaces parts of IAS 27 - *Consolidated*

and Separate Financial Statements. The effective date of this amendment is for the Company's fiscal year commencing September 1, 2013. The adoption of this standard had no impact on the Company's consolidated financial statements.

IFRS 12 - Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities such as subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interest in other entities. IFRS 12 replaces the previous disclosure requirements included in IAS 27 - *Consolidated and Separate Financial Statements*, IAS 31 - *Joint Ventures* and IAS 28 - *Investments in Associates*. The effective date of this amendment is for the Company's fiscal year commencing September 1, 2013. The adoption of this standard affects disclosures but does not have an impact on the recognized amounts or measurements in the consolidated financial statements.

IFRS 13 - Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. IFRS 13 defines fair value and establishes disclosures about fair value measurement. The effective date of this amendment is for the Company's fiscal year commencing September 1, 2013. The adoption of this standard affected disclosures but does not otherwise have a material impact on the consolidated financial statements.

IAS 28 - Investments in Associates and Joint Ventures

The IASB also amended IAS 28, an existing standard, to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 12. The effective date of this amendment is for the Company's fiscal year commencing September 1, 2013. The adoption of the standard had the impact noted in IFRS 11 - *Joint Arrangements* below.

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 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 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 these consolidated financial statements.

IFRS 11 - Joint Arrangements

IFRS 11 replaced IAS 31 - *Interests in Joint Ventures* and SIC 13 - *Jointly Controlled Entities - Non-monetary Contributions by Ventures*. The standard eliminates the use of the proportionate consolidation method to account for jointly controlled entities. Joint ventures as defined in IFRS 11 have been accounted for using the equity method of accounting while, for a joint operation, the venturer will recognize its right to and obligations for the assets, liabilities, revenues and expenses of the joint operation. The new standard was effective for Corus' fiscal year commencing September 1, 2013 with retroactive application to September 1, 2012. Historically, the Company proportionately consolidated its jointly controlled entity, TELETOON Canada Inc. With the adoption of this standard, the revenues, expenses, assets and liabilities from these operations for Corus' prior fiscal year are no longer proportionately consolidated in the Company's consolidated financial statements but have been replaced by "Investment in joint ventures" in the consolidated statements of financial position and the Company's share of the joint venture's income is contained in other expense (income), net in the consolidated statements of income and comprehensive income. The effect of the Company's retroactive application of this standard is summarized below for the consolidated statements of financial position, income and comprehensive income, and cash flows for the periods indicated.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

August 31, 2013

September 1, 2012

	Originally Reported	IFRS 11 Adjustment	Restated	Originally Reported	IFRS 11 Adjustment	Restated
Assets						
Cash and cash equivalents	86,081	(4,815)	81,266	24,588	(5,390)	19,198
Accounts receivable	176,504	(12,202)	164,302	173,421	(10,076)	163,345
Promissory note receivable	47,759	—	47,759	—	—	—
Income taxes recoverable	341	10	351	9,542	—	9,542
Prepaid expenses and other	16,416	(24)	16,392	12,664	(45)	12,619
Total current assets	327,101	(17,031)	310,070	220,215	(15,511)	204,704
Tax credits receivable	41,564	—	41,564	43,865	—	43,865
Investments and intangibles	42,975	—	42,975	42,390	—	42,390
Investment in joint ventures	—	125,931	125,931	—	121,704	121,704
Property, plant and equipment	151,398	(206)	151,192	163,563	(283)	163,280
Program and film rights	289,181	(56,594)	232,587	271,244	(41,938)	229,306
Film investments	62,734	(460)	62,274	67,983	(136)	67,847
Broadcast licenses	563,771	(48,735)	515,036	569,505	(48,735)	520,770
Goodwill	674,393	(28,348)	646,045	674,393	(28,348)	646,045
Deferred tax assets	39,463	—	39,463	28,327	—	28,327
	2,192,580	(25,443)	2,167,137	2,081,485	(13,247)	2,068,238
Liabilities and Shareholders' Equity						
Accounts payable and accrued liabilities	172,663	(8,220)	164,443	185,991	(8,624)	177,367
Income taxes payable	—	—	—	—	1,303	1,303
Provisions	3,941	—	3,941	2,322	—	2,322
Total current liabilities	176,604	(8,220)	168,384	188,313	(7,321)	180,992
Long-term debt	538,966	—	538,966	518,258	—	518,258
Other long-term liabilities	105,020	(11,779)	93,241	87,853	(265)	87,588
Deferred tax liabilities	151,157	(5,444)	145,713	150,971	(5,661)	145,310
Total liabilities	971,747	(25,443)	946,304	945,395	(13,247)	932,148
Shareholders' Equity						
Share capital	937,183	—	937,183	910,005	—	910,005
Contributed surplus	7,221	—	7,221	7,835	—	7,835
Retained earnings	256,517	—	256,517	198,445	—	198,445
Accumulated other comprehensive income (loss)	1,653	—	1,653	(812)	—	(812)
Total equity attributable to shareholders	1,202,574	—	1,202,574	1,115,473	—	1,115,473
Equity attributable to non-controlling interest	18,259	—	18,259	20,617	—	20,617
Total shareholders' equity	1,220,833	—	1,220,833	1,136,090	—	1,136,090
	2,192,580	(25,443)	2,167,137	2,081,485	(13,247)	2,068,238

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	Year ended August 31, 2013		
	Originally Reported	IFRS 11 Adjustment	Restated
Revenues	803,541	(52,005)	751,536
Direct cost of sales, general and administrative expenses	533,529	(32,967)	500,562
Segment profit	270,012	(19,038)	250,974
Depreciation and amortization	26,903	(91)	26,812
Interest expense	46,332	(1,537)	44,795
Broadcast license and goodwill impairment	5,734	—	5,734
Debt refinancing	25,033	—	25,033
Business acquisition, integration and restructuring costs	7,343	—	7,343
Gain on sale of associated company	(55,394)	—	(55,394)
Other expense (income), net	8,553	(20)	8,533
Income from joint ventures	—	(12,093)	(12,093)
Income before income taxes	205,508	(5,297)	200,211
Income tax expense	39,759	(5,297)	34,462
Net income for the period	165,749	—	165,749
Net income attributable to:			
Shareholders	159,895	—	159,895
Non-controlling interest	5,854	—	5,854
	165,749	—	165,749
Earnings per share attributable to shareholders:			
Basic	\$ 1.91	—	\$ 1.91
Diluted	\$ 1.90	—	\$ 1.90
Net income for the period	165,749	—	165,749
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to net income:			
Unrealized foreign currency translation adjustment	2,333	—	2,333
Unrealized change in fair value of available-for-sale investments	132	—	132
Actuarial gain on employee future benefits	616	—	616
	3,081	—	3,081
Comprehensive income for the period	168,830	—	168,830
Comprehensive income attributable to:			
Shareholders	162,976	—	162,976
Non-controlling interest	5,854	—	5,854
	168,830	—	168,830

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended August 31, 2013

	Originally Reported	IFRS 11 Adjustment	Restated
Operating Activities			
Net income for the period	165,749	—	165,749
Add (deduct) non-cash items:			
Depreciation and amortization	26,903	(91)	26,812
Broadcast license and goodwill impairment	5,734	—	5,734
Amortization of program and film rights	190,176	(21,293)	168,883
Amortization of film investments	25,759	—	25,759
Deferred income taxes	(11,332)	—	(11,332)
Investment impairments	7,121	—	7,121
Share-based compensation expense	1,586	—	1,586
Imputed interest	11,816	(1,537)	10,279
Debt refinancing	25,033	—	25,033
Gain on sale of associated company	(55,394)	—	(55,394)
Other	700	(15,093)	(14,393)
Net change in non-cash working capital balances related to operations	4,584	2,184	6,768
Payment of program and film rights	(185,327)	25,525	(159,802)
Net additions to film investments	(46,074)	—	(46,074)
Cash provided by operating activities	167,034	(10,305)	156,729
Investing Activities			
Additions to property, plant and equipment	(13,043)	14	(13,029)
Dividends from investment in joint ventures	—	10,866	10,866
Net cash flows for investments and intangibles	(10,855)	—	(10,855)
Other	(652)	—	(652)
Cash used in investing activities	(24,550)	10,880	(13,670)
Financing Activities			
Decrease in bank loans	(29,925)	—	(29,925)
Issuance of notes	550,000	—	550,000
Redemption of notes	(500,000)	—	(500,000)
Financing fees	(26,732)	—	(26,732)
Issuance of shares under stock option plan	884	—	884
Shares repurchased	(1,464)	—	(1,464)
Dividends paid	(56,696)	—	(56,696)
Dividends paid to non-controlling interest	(6,331)	—	(6,331)
Other	(10,727)	—	(10,727)
Cash used in financing activities	(80,991)	—	(80,991)
Net change in cash and cash equivalents during the period	61,493	575	62,068
Cash and cash equivalents, beginning of the period	24,588	(5,390)	19,198
Cash and cash equivalents, end of the period	86,081	(4,815)	81,266

PENDING ACCOUNTING CHANGES

IFRS 9 - *Financial Instruments: Classification and Measurement*

In November 2009, the IASB issued IFRS 9, which covers classification and measurement as the first part of its project to replace IAS 39. In October 2010, the IASB also incorporated new accounting requirements for liabilities. The standard introduces new requirements for measurement and eliminates the current classification of loans and receivables, available-for-sale and held-to-maturity, currently in IAS 39. There are new requirements for the accounting of financial liabilities as well as a carryover of requirements from IAS 39. In 2013, the IASB also incorporated new accounting requirements for hedging and introduced a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new standard requires entities to account for expected credit losses from when financial instruments are first recognized and to recognize full lifetime expected losses on a timelier basis. The effective date of this pronouncement has been tentatively set to be effective

for annual periods beginning on or after January 1, 2018. The Company is in the process of reviewing the standard to determine the impact on the 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 Company has assessed the impact of this standard and there is no impact on the consolidated financial statements.

IFRS 15 - Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, 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.

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. ACCOUNTS RECEIVABLE

	2014	2013
Trade	168,969	152,911
Other	19,840	13,880
	188,809	166,791
Less allowance for doubtful accounts	5,800	2,489
	183,009	164,302

5. INVESTMENTS AND INTANGIBLES

	Intangibles	Investments in associates	Other	Total
Balance - September 1, 2012	13,452	20,438	8,500	42,390
Increase (decrease) in investment	10,690	(8,606)	7,887	9,971
Investment impairment	—	(3,399)	—	(3,399)
Equity loss in associates	—	(138)	—	(138)
Dividends from associates	—	(1,100)	—	(1,100)
Amortization of intangible assets	(4,416)	—	—	(4,416)
Fair value adjustment	—	(485)	152	(333)
Balance - August 31, 2013	19,726	6,710	16,539	42,975
Increase in investment	4,434	4,268	5,006	13,708
Investment impairment	—	(706)	—	(706)
Equity loss in associates	—	(1,685)	—	(1,685)
Amortization of intangible assets	(7,177)	—	—	(7,177)
Fair value adjustment	—	—	515	515
Balance - August 31, 2014	16,983	8,587	22,060	47,630

INTANGIBLES

Intangible assets are comprised of software, patents, customer lists, brand names, trade marks and digital rights. The Company expects the net book value of intangible assets with a finite life to be amortized by December 2020.

OTHER

Other is primarily comprised of investments in venture funds. These venture funds invest in early growth stage companies that are pursuing opportunities in technology, mobile media and consumer sectors.

INVESTMENTS IN ASSOCIATES

In assessing the level of control or influence that the Company has over an investment, management considers ownership percentages, board representation, as well as other relevant provisions in shareholder agreements. The Company exercises significant influence over the following investments which have been accounted for using the equity method and are included in investments in associates.

Fingerprint Digital Inc.

Fingerprint is a technology company providing a turnkey mobile solution to content creators and distributors seeking to link mobile offerings within one branded network. Its focus is educational gaming platforms for kids and their parents across any connected device.

Food Network Canada ("Food Network")

Food Network is a Canadian Category A specialty television network. This brand is the destination for Canadians for all things food-related and provides entertainment programming related to food and nutrition.

Food Network had been classified as an associated business based on management's judgment that the Company has, based on rights to board representation and other provisions in the shareholder agreement, significant influence despite owning only 19.9% of the voting rights. On April 30, 2013, the Company disposed of its interest in Food Network Canada, which had a carrying value of \$11,388 on the disposition date (note 26).

KidsCo Limited

KidsCo Limited was an international children's television channel for preschoolers, children aged 6 to 10 and families. The channel was available in 18 languages and presented in over 100 territories on satellite, cable and IPTV platforms across Europe, Asia, Africa, Australia and the Middle East.

At August 31, 2013, the Company performed its annual impairment test for fiscal 2013 and determined that this investment was impaired based on expected future cash flows. As a result, an impairment charge was recorded in other expense (income), net of \$3,399. On December 31, 2013, KidsCo ceased business and was wound up.

SoCast Inc. (formerly Supernova Interactive Inc.)

SoCast Inc. is a digital media company that develops and creates software service platforms, including its social relationship management platform for entertainment companies.

The following amounts represent the Company's share in the financial position and results of operations of the associates:

As at August 31,	2014	2013
Assets	8,926	7,025
Liabilities	339	315
Net assets	8,587	6,710
For the year ended August 31,	2014	2013
Revenues	320	13,620
Expenses	2,005	13,758
Net loss for the year	(1,685)	(138)

6. PROPERTY, PLANT AND EQUIPMENT

	Land	Broadcasting and computer equipment	Buildings and leasehold improvements	Furniture and fixtures	Other	Total
Cost						
Balance - September 1, 2012	5,539	155,009	104,666	20,210	3,732	289,156
Additions	—	11,505	2,161	810	—	14,476
Disposals and retirements	—	(25,642)	(726)	(2,233)	(1,269)	(29,870)
Balance - August 31, 2013	5,539	140,872	106,101	18,787	2,463	273,762
Additions	—	8,874	1,483	134	2,109	12,600
Acquisitions	—	783	—	37	80	900
Disposals and retirements	—	(4,414)	(154)	(383)	(92)	(5,043)
Balance - August 31, 2014	5,539	146,115	107,430	18,575	4,560	282,219
Accumulated depreciation						
Balance - September 1, 2012	—	97,826	17,906	8,825	1,319	125,876
Depreciation	—	16,545	5,791	2,541	118	24,995
Disposals and retirements	—	(25,286)	(587)	(2,227)	(201)	(28,301)
Balance - August 31, 2013	—	89,085	23,110	9,139	1,236	122,570
Depreciation	—	11,709	5,971	2,423	90	20,193
Impairments	—	—	1,240	—	—	1,240
Disposals and retirements	—	(4,886)	(123)	(369)	(24)	(5,402)
Balance - August 31, 2014	—	95,908	30,198	11,193	1,302	138,601
Net book value						
August 31, 2013	5,539	51,787	82,991	9,648	1,227	151,192
August 31, 2014	5,539	50,207	77,232	7,382	3,258	143,618

Included in property, plant and equipment are assets under finance lease with a cost of \$28,297 at August 31, 2014 (2013 - \$27,355) and accumulated depreciation of \$19,080 (2013 - \$16,764).

7. PROGRAM AND FILM RIGHTS

Balance - September 1, 2012	229,306	
Additions	154,371	
Transfers from film investments	17,793	
Amortization	(168,883)	
Balance - August 31, 2013	232,587	
Additions	220,966	
Transfers from film investments	6,984	
Acquisitions (note 26)	77,539	
Amortization	(207,639)	
Balance - August 31, 2014	330,437	
	2014	2013
Cost	967,159	710,824
Accumulated amortization	636,722	478,237
Net book value	330,437	232,587

The Company expects that 50% of the net book value of program and film rights will be amortized during the year ended August 31, 2015. The Company expects the net book value of program and film rights to be amortized by September 2019.

8. FILM INVESTMENTS

The following table sets out the continuity for film investments, which include the Company's internally produced proprietary film and television programs, acquired distribution rights and third-party-produced equity film investments:

Balance - September 1, 2012	67,847
Additions	63,670
Tax credit accrual	(21,969)
Transfer to program and film rights	(17,793)
Investment impairment	(3,722)
Amortization	(25,759)
Balance - August 31, 2013	62,274
Additions	47,774
Tax credit accrual	(19,801)
Transfer to program and film rights	(6,984)
Amortization	(19,808)
Balance - August 31, 2014	63,455

At August 31, 2014, the Company performed an impairment test on certain third-party-produced equity film investments and determined no impairments were present based on expected future cash flows. In 2013, an impairment charge was recorded in other expense of \$3,722.

	2014	2013
Cost	953,238	925,885
Accumulated amortization	889,783	863,611
Net book value	63,455	62,274

The Company expects that 34% of the net book value of film investments will be amortized during the year ended August 31, 2015. The Company expects the net book value of film investments to be fully amortized by August 2023.

9. 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 and third quarters of fiscal 2014, the Company concluded that interim impairment tests were required for goodwill for the Radio segment and for broadcast licenses for certain Radio CGUs. As a result of these tests, the Company recorded goodwill and broadcast license impairment charges of \$65.5 million and \$17.5 million in fiscal 2014, respectively, as certain radio CGUs had actual results that fell short of previous estimates and the outlook for these markets was less robust.

At August 31, 2014, the Company performed its annual impairment test for fiscal 2014 and determined that there were no further impairments, other than those recorded in the second and third quarters of fiscal 2014, for the year then ended. The changes in the book value of goodwill were as follows:

	Total
Balance - August 31, 2012	646,045
Balance - August 31, 2013	646,045
Acquisitions (note 26)	354,363
Impairments (note 10)	(65,549)
Balance - August 31, 2014	934,859

The changes in the book value of broadcast licenses for the period ended August 31, 2014, were as follows:

	Total
Balance - August 31, 2012	520,770
Impairments	(5,734)
Balance - August 31, 2013	515,036
Acquisitions (note 26)	482,399
Impairments (note 10)	(17,451)
Balance - August 31, 2014	979,984

At August 31, 2013 the Company performed its annual impairment test for fiscal 2013. As certain CGUs had actual results that fell short of previous estimates and the outlook for these markets was less robust, impairment losses of \$5,734 were recorded for certain Radio broadcast licenses.

Broadcast licenses and goodwill are located primarily in Canada.

10. 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 estimates the recoverable amount of the asset or CGU and compares it to the carrying value. In addition, irrespective of whether there is any indication of impairment, the Company is required to test intangible assets with an indefinite useful life and goodwill for impairment at least annually.

For long-lived assets other than goodwill, the Company is also required to assess, at each reporting date, whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased.

The Company completes its annual testing during the fourth quarter of each fiscal year.

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 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.

The Company has determined the VIU calculation is higher than FVLCS and therefore, the recoverable amount for all CGUs or groups of CGUs is based on VIU with the exception of two Radio CGUs.

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 subsidiaries 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 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), future levels of capital expenditures and discount rates.

Segment profit growth rates and future levels of capital expenditures 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 over this period. For longer periods, a terminal growth rate is determined and applied to project future cash flows after the fifth year.

- 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 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.

The pre-tax discount and growth rates used by the Company for the purpose of its VIU calculations performed for each of the following groups of CGUs in the following periods were:

	2014	2013
Television		
Managed brands		
Pre-tax discount rate	11% - 13%	11% - 13%
Earnings growth rate	4.3% - 13.6%	0% - 4.6%
Terminal growth rate	2%	2%
Other		
Pre-tax discount rate	11% - 13%	11% - 13%
Earnings growth rate	4.3% - 13.6%	0% - 4.6%
Terminal growth rate	2%	2%
Radio		
Pre-tax discount rate	13% - 15%	12% - 14%
Earnings growth rate	2.0% - 8.1%	5.0% - 7.1%
Terminal growth rate	2%	2%

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to the recoverable amount and the reduction is recorded as an impairment loss in the consolidated statements of income and comprehensive income.

If the recoverable amount of the CGU or group of CGUs is less than its carrying amount, an impairment loss is recognized. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU or group of CGUs and then to the other assets of the CGU or group of CGUs pro rata on the basis of the carrying amount for each asset in the CGU or group of CGUs. The individual assets in the CGU cannot be written down below their fair value less costs to sell, if determinable.

Except for goodwill, a previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of income and comprehensive income.

In the second quarter of fiscal 2014, the Company determined that there was a broadcast license impairment in two Radio CGUs in Ontario. For one CGU, the Company used VIU to determine the recoverable amount, which resulted in an impairment charge of \$6,000, while the FVLCS was used for the second CGU, which resulted in an impairment charge of \$2,000 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 third quarter of fiscal 2014, operating results in the Radio segment fell below previous estimates made in the second quarter, as the Radio segment continued to experience a soft advertising market and rating challenges in some markets. As well, the overall radio advertising market experienced a year-over-year decline in the quarter and on a year-to-date basis, causing the Company to lower its cash flow projections to reflect a weaker near term outlook. As a result, the Company determined there was a broadcast license impairment in three Radio CGUs in Ontario and one in British Columbia, as well as a goodwill impairment in the Radio segment group of CGUs overall.

In the third quarter of fiscal 2014, for three CGUs, the Company used VIU to determine the recoverable amount, while the FVLCS was used for one CGU, which resulted in impairment charges totalling \$10,691 (predominantly comprised of broadcast license impairments) that reduced the carrying values of these CGUs to their recoverable amount at the end of the third quarter. The recoverable amount of these CGUs after the impairment charges is \$49,171.

The recoverable amount for the Radio segment group of CGUs' overall goodwill impairment test was based on VIU. In the third quarter of fiscal 2014, the Company recognized an impairment charge of \$65,549 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 approximately \$378,689.

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 goodwill impairment test, would have resulted in additional goodwill impairment in the Radio segment of between \$1,600 and \$8,000. However, no material additional broadcast license impairments would arise.

The Company has completed its annual impairment testing of goodwill and intangible assets for fiscal 2014. There were no additional impairment losses to be recorded as a result of the testing. The Company also assessed for any indicators of whether previous impairment losses had decreased. No previously recorded impairment losses on broadcast licenses were reversed.

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

	2014	2013
Goodwill		
Television	760,760	412,764
Radio	174,099	233,281
	934,859	646,045
	2014	2013
Broadcast licenses		
Television		
Managed brands	825,000	351,101
Other	7,424	7,424
Radio ⁽¹⁾	147,560	156,511
	979,984	515,036

⁽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 licenses balance.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	2014	2013
Trade accounts payable and accrued liabilities	86,023	70,552
Program rights payable	63,061	74,456
Film investment accruals	3,111	2,620
Dividends payable	15,578	14,358
Financing lease accruals	2,638	2,457
	170,411	164,443

12. PROVISIONS

The Company recorded restructuring charges of \$3,930 (2013 – \$4,424) primarily related to severance and employee related costs as a result of the business acquisitions and the related integration. The Company anticipates that these provisions will be substantially paid by fiscal 2015.

The continuity of provisions is as follows:

	2014	2013
Restructuring		
Balance, beginning of period	4,441	2,452
Additions	3,930	4,424
Payments	(3,076)	(2,435)
Balance, end of period	5,295	4,441
Long term portion	(630)	(1,094)
Total current restructuring provision	4,665	3,347
Legal claims	649	594
Total current provisions balance, end of period	5,314	3,941

13. LONG-TERM DEBT

	2014	2013
Bank loans	333,677	—
Senior unsecured guaranteed notes	550,000	550,000
Unamortized financing fees	(9,426)	(11,034)
	874,251	538,966

Interest rates on the balance of the bank loans fluctuate with Canadian bankers' acceptances and/or LIBOR. As at August 31, 2014, the weighted average interest rate on the outstanding bank loans and Notes was 3.9% (2013 – 4.3%). Interest on the bank loans and Notes averaged 4.2% for fiscal 2014 (2013 – 5.8%).

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, 2014.

On February 3, 2014, the Company's credit agreement with a syndicate of banks was amended and restated. The principal amendment effected was the establishment of a two year \$150.0 million term facility, maturing February 3, 2016, incremental to the existing \$500.0 million revolving facility maturing February 11, 2017. 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. Both the term and revolving facilities are subject to the same covenants and security. Interest rates on both the term and revolving facilities fluctuate with Canadian prime rate, Canadian bankers' acceptances and/or LIBOR plus an applicable margin.

Contemporaneously with the amendment and restatement of the credit agreement, the Company entered into Canadian dollar interest rate swap agreements to fix the interest rate on \$150.0 million 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.

In the second quarter of fiscal 2013, the Company issued \$550.0 million principal amount of 4.25% Senior Unsecured Guaranteed Notes due February 11, 2020 ("2020 Notes") and redeemed the existing \$500.0 million principal amount of 7.25% Senior Unsecured Guaranteed Notes due February 10, 2017 ("2017 Notes") effective March 16, 2013.

The issuance of the 2020 Notes and redemption of the 2017 Notes resulted in the Company recording debt refinancing costs of \$25.0 million in the second quarter of fiscal 2013, which included the early redemption premium of \$18.1 million and the non-cash write-off of unamortized financing fees of \$6.9 million related to the 2017 Notes.

On February 27, 2013, the Company's \$500.0 million credit facility, available on a revolving basis, with a syndicate of banks was amended. The principal amendment was to extend the maturity date to February 11, 2017.

14. OTHER LONG-TERM LIABILITIES

	2014	2013
Public benefits associated with acquisitions	27,604	1,414
Unearned revenue	6,611	8,751
Program rights payable	71,926	20,735
Long-term employee obligations	34,451	30,343
Deferred leasehold inducements	16,052	15,414
Derivative fair value	72	—
Merchandising and trademark liabilities	11,021	13,486
Finance lease accrual	4,056	3,098
	171,793	93,241

15. 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.

Class A Voting Shares are convertible at any time into an equivalent number of Class B Non-Voting Shares. The Class B Non-Voting Shares are convertible into an equivalent number of Class A Voting Shares in limited circumstances.

The Class A Preferred Shares are redeemable at any time at the demand of Corus and retractable at any time at the demand of a holder of a Class A Preferred Share for an amount equal to the consideration received by Corus at the time of issuance of such Class A Preferred Shares. Holders of Class A Preferred Shares are entitled to receive a non-cumulative dividend at such rate as Corus' Board of Directors may determine on the redemption amount of the Class A Preferred Shares. Each of the Class 1 Preferred Shares, the Class 2 Preferred Shares, the Class A Voting Shares and the Class B Non-Voting Shares rank junior to and are subject in all respects to the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class A Preferred Shares in connection with the payment of dividends.

The Class 1 and Class 2 Preferred Shares are issuable in one or more series with attributes designated by the Board of Directors. The Class 1 Preferred Shares rank senior to the Class 2 Preferred Shares.

In the event of liquidation, dissolution or winding-up of Corus or other distribution of assets of Corus for the purpose of winding up its affairs, the holders of Class A Preferred Shares are entitled to a payment in priority to all other classes of shares of Corus to the extent of the redemption amount of the Class A Preferred Shares, but will not be entitled to any surplus in excess of that amount. The remaining property and assets will be available for distribution to the holders of the Class A Voting Shares and Class B Non-Voting Shares, which shall be paid or distributed equally, share for share, between the holders of the Class A Voting Shares and the Class B Non-Voting Shares, without preference or distinction.

ISSUED AND OUTSTANDING

	Class A Voting Shares		Class B Non-Voting Shares		Total \$
	#	\$	#	\$	
Balance – September 1, 2012	3,434,292	26,595	79,924,384	883,410	910,005
Conversion of Class A Voting Shares to Class B Non-Voting Shares	(4,000)	(31)	4,000	31	—
Issuance of shares under stock option plan	—	—	50,200	1,155	1,155
Issuance of shares under dividend reinvestment plan	—	—	1,134,666	26,731	26,731
Shares repurchased	—	—	(64,104)	(708)	(708)
Balance – August 31, 2013	3,430,292	26,564	81,049,146	910,619	937,183
Conversion of Class A Voting Shares to Class B Non-Voting Shares	(2,000)	(15)	2,000	15	—
Issuance of shares under stock option plan	—	—	259,500	5,465	5,465
Issuance of shares under dividend reinvestment plan	—	—	1,024,947	24,682	24,682
Balance – August 31, 2014	3,428,292	26,549	82,335,593	940,781	967,330

No Class A Preferred Shares, Class 1 Preferred Shares or Class 2 Preferred Shares are outstanding at August 31, 2014.

STOCK OPTION PLAN

Under the Company's Stock Option Plan (the "Plan"), the Company may grant options to purchase Class B Non-Voting Shares to eligible officers, directors and employees of or consultants to the Company. The number of Class B Non-Voting Shares which the Company is authorized to issue under the Plan is 10% of the issued and outstanding Class B Non-Voting Shares. All options granted are for terms not to exceed 10 years from the grant date. The exercise price of each option equals the closing market price of the Company's stock on the trading date immediately preceding the date of the grant. Options vest 25% on each of the first, second, third and fourth anniversary dates of the date of grant.

A summary of the changes to the stock options outstanding is presented as follows:

	Number of options #	Weighted average
		exercise price per share \$
Outstanding – September 1, 2012	1,816,098	19.04
Granted	595,900	22.00
Exercised	(50,200)	17.60
Forfeited or expired	(203,725)	16.15
Outstanding - August 31, 2013	2,158,073	20.17
Granted	662,800	23.72
Exercised	(259,500)	17.73
Outstanding - August 31, 2014	2,561,373	21.33

As at August 31, 2014, the options outstanding and exercisable consist of the following:

Range of exercise prices (\$)	Options outstanding		Options exercisable		
	Number outstanding (#)	Weighted average remaining contractual life (years)	Weighted average exercise price (\$)	Number outstanding (#)	Weighted average exercise price (\$)
17.50 - 19.27	476,673	2.2	17.57	476,673	17.57
19.28 - 21.91	412,900	4.3	19.79	224,550	19.95
21.92 - 22.48	857,800	5.0	22.09	345,400	22.18
22.49 - 25.40	814,000	5.6	23.52	151,200	22.65
	2,561,373	4.6	21.33	1,197,823	19.98

The fair value of each option granted since September 1, 2003 was estimated on the date of the grant using the Black-Scholes option pricing model. The estimated fair value of the options is amortized to income over the options' vesting period on a straight-line basis. In fiscal 2014, the Company has recorded share-based compensation expense of \$2,026 (2013 – \$1,586). This charge has been credited to contributed surplus. Unrecognized share-based compensation expense at August 31, 2014 related to the Plan was \$1,847 (2013 – \$1,466).

The fair value of each option granted in fiscal 2014 and 2013 was estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions:

Granted in the second quarter of 2014 and vesting in:	2015	2016	2017	2018
Fair value	\$4.11	\$4.32	\$4.09	\$4.48
Risk-free interest rate	1.9%	1.9%	2.0%	2.0%
Expected dividend yield	4.1%	4.1%	4.1%	4.1%
Expected share price volatility	26.5%	27.4%	26.0%	27.7%
Expected time until exercise (years)	6	6	7	7

Granted in the first quarter of 2014 and vesting in:	2014	2015	2016	2017
Fair value	\$3.78	\$3.86	\$3.71	\$3.50
Risk-free interest rate	1.8%	1.9%	1.9%	2.0%
Expected dividend yield	4.3%	4.3%	4.3%	4.3%
Expected share price volatility	27.0%	27.3%	26.3%	24.9%
Expected time until exercise (years)	6	6	7	7

Granted in 2013 and vesting in:	2013	2014	2015	2016
Fair value	\$3.59	\$3.57	\$3.76	\$3.43
Risk-free interest rate	1.4%	1.5%	1.5%	1.5%
Expected dividend yield	4.4%	4.4%	4.4%	4.4%
Expected share price volatility	28.9%	28.4%	29.4%	27.2%
Expected time until exercise (years)	5	6	6	7

The expected life of the options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

On October 24, 2014, the Company granted a further 688,800 options for Class B Non-Voting Shares to eligible officers and employees of the Company. These options are exercisable at \$23.27 per share.

DIVIDENDS

The holders of Class A Voting Shares and Class B Non-Voting Shares are entitled to receive such dividends as the Board of Directors determines to declare on a share-for-share basis, as and when any such dividends are declared or paid. The holders of Class B Non-Voting Shares are entitled to receive during each dividend period, in priority to

the payment of dividends on the Class A Voting Shares, a dividend which is \$0.005 per share per annum higher than that received on the Class A Voting Shares. This higher dividend rate is subject to proportionate adjustment in the event of future consolidations or subdivisions of shares and in the event of any issue of shares by way of stock dividend. After payment or setting aside for payment of the additional non-cumulative dividends on the Class B Non-Voting Shares, holders of Class A Voting Shares and Class B Non-Voting Shares participate equally, on a share-for-share basis, on all subsequent dividends declared.

2014 Date of record	Date paid	Class A Voting Shares Amount paid	Class B Non-Voting Shares Amount paid
September 16, 2013	September 30, 2013	\$0.084583	\$0.085000
October 15, 2013	October 31, 2013	\$0.084583	\$0.085000
November 15, 2013	November 29, 2013	\$0.084583	\$0.085000
December 13, 2013	December 30, 2013	\$0.084583	\$0.085000
January 15, 2014	January 31, 2014	\$0.084583	\$0.085000
February 14, 2014	February 28, 2014	\$0.090417	\$0.090833
March 14, 2014	March 31, 2014	\$0.090417	\$0.090833
April 15, 2014	April 30, 2014	\$0.090417	\$0.090833
May 15, 2014	May 30, 2014	\$0.090417	\$0.090833
June 16, 2014	June 30, 2014	\$0.090417	\$0.090833
July 15, 2014	July 31, 2014	\$0.090417	\$0.090833
August 15, 2014	August 29, 2014	\$0.090417	\$0.090833
		\$1.055834	\$1.060831

Dividend yield of Class B Non-Voting Shares 4.34%

2013 Date of record	Date paid	Class A Voting Shares Amount paid	Class B Non-Voting Shares Amount paid
September 14, 2012	September 28, 2012	\$0.079583	\$0.0800
October 15, 2012	October 31, 2012	\$0.079583	\$0.0800
November 15, 2012	November 30, 2012	\$0.079583	\$0.0800
December 14, 2012	December 31, 2012	\$0.079583	\$0.0800
January 15, 2013	January 31, 2013	\$0.079583	\$0.0800
February 14, 2013	February 28, 2013	\$0.084583	\$0.0850
March 14, 2013	March 28, 2013	\$0.084583	\$0.0850
April 15, 2013	April 30, 2013	\$0.084583	\$0.0850
May 15, 2013	May 31, 2013	\$0.084583	\$0.0850
June 14, 2013	June 28, 2013	\$0.084583	\$0.0850
July 15, 2013	July 31, 2013	\$0.084583	\$0.0850
August 15, 2013	August 30, 2013	\$0.084583	\$0.0850
		\$0.989996	\$0.9950

Dividend yield of Class B Non-Voting Shares 3.94%

The total amount of dividends declared in fiscal 2014 was \$91,376 (2013 - \$84,452).

On October 23, 2014 the Company declared dividends of \$0.090417 per Class A Voting Share and \$0.090833 per Class B Non-Voting Share payable on each of November 28, 2014, December 30, 2014 and January 30, 2015 to the shareholders of record at the close of business on November 14, 2014, December 15, 2014 and January 15, 2015, respectively.

EARNINGS PER SHARE

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

	2014	2013
Net income attributable to shareholders (numerator)	150,408	159,895
Weighted average number of shares outstanding (denominator)		
Weighted average number of shares outstanding - basic	84,993	83,860
Effect of dilutive securities	334	330
Weighted average number of shares outstanding - diluted	85,327	84,190

The calculation of diluted earnings per share for fiscal 2014 excluded 12,618 (2013 – nil) weighted average 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 PSUs, DSUs and RSUs as at:

	PSUs #	DSUs #	RSUs #
Balance - September 1, 2012	885,067	633,703	89,874
Additions	319,783	79,019	51,903
Deemed dividend equivalents	33,803	29,519	—
Forfeitures	(8,655)	—	(3,159)
Payments	(319,697)	(3,725)	—
Balance - August 31, 2013	910,301	738,516	138,618
Additions	313,736	86,890	52,250
Deemed dividend equivalents	36,657	35,896	—
Forfeitures	(30,250)	—	(10,520)
Payments	(275,980)	—	(38,035)
Balance - August 31, 2014	954,464	861,302	142,313

Share-based compensation expense recorded for the year in respect of these plans was \$10,876 (2013 – \$12,953). As at August 31, 2014, the carrying value of these units at the end of the year that have vested multiplied by the closing share price at the end of the year was \$28,715 (2013 – \$27,046).

DIVIDEND REINVESTMENT PLAN

The Company's Board of Directors has approved a discount of 2% for Class B Non-Voting Shares issued from treasury pursuant to the terms of its dividend reinvestment plan. In fiscal 2014, the Company issued 1,024,947 (2013 – 1,134,666) Class B Non-Voting Shares, resulting in an increase in share capital of \$24,682 (2013 – \$26,731).

NORMAL COURSE ISSUER BID

On June 20, 2012, the Company announced that the TSX had accepted the notice filed by the Company of its intention to renew its Normal Course Issuer Bid for its Class B Non-Voting Participating Shares through the facilities of the TSX, or other alternative Canadian trading systems. The Company was authorized to purchase for cancellation a maximum of 4,000,000 Class B Non-Voting Participating Shares during the period from June 22, 2012 through June 21, 2013.

The shares purchased for cancellation are as follows:

	#	\$	Average per share \$
September 2012	64,104	1,464	22.84
Fiscal 2013	64,104	1,464	22.84

During fiscal 2014, the total cash consideration paid exceeded the carrying value of the shares repurchased by nil (2013 - \$756), which was charged to retained earnings.

16. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Unrealized Foreign currency translation adjustment	Unrealized change in fair value of available-for-sale investments	Unrealized change in fair value of cash flow hedges	Actuarial gains (losses) on defined benefit plans	Total
Balance - September 1, 2012	(1,065)	253	—	—	(812)
Items that may be subsequently reclassified to income:					
Amount	2,333	152	—	—	2,485
Income tax	—	(20)	—	—	(20)
	2,333	132	—	—	2,465
Items that will never be subsequently reclassified to net income:					
Amount	—	—	—	838	838
Income tax	—	—	—	(222)	(222)
	—	—	—	616	616
Transfer to retained earnings	—	—	—	(616)	(616)
Balance - August 31, 2013	1,267	386	—	—	1,653
Items that may be subsequently reclassified to income:					
Amount	1,720	515	(71)	—	2,164
Income tax	—	(69)	19	—	(50)
	1,720	446	(52)	—	2,114
Items that will never be subsequently reclassified to net income:					
Amount	—	—	—	(2,977)	(2,977)
Income tax	—	—	—	789	789
	—	—	—	(2,188)	(2,188)
Transfer to retained earnings	—	—	—	2,188	2,188
Balance - August 31, 2014	2,987	832	(52)	—	3,767

17. DIRECT COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES

	2014	2013
Amortization of program and film rights	207,639	168,883
Amortization of film investments	19,808	25,759
Other cost of sales	27,615	35,276
Employee costs	149,459	155,687
Other general and administrative	138,857	114,957
	543,378	500,562

18. INTEREST EXPENSE

	2014	2013
Interest on long-term debt	32,121	32,814
Imputed interest on long-term liabilities	14,698	10,279
Other	1,501	1,702
	48,320	44,795

19. OTHER EXPENSE (INCOME), NET

	2014	2013
Interest income	(722)	(1,091)
Foreign exchange loss	649	876
Equity loss of investees	1,685	623
Third-party-produced film investment write down	—	3,722
Investment in associates (recovery) impairment	(256)	3,399
Income from joint ventures	—	(12,093)
Increase in purchase price obligation (note 26)	3,336	—
Other	1,048	1,004
	5,740	(3,560)

20. INCOME TAXES

The significant components of income tax expense are as follows:

	2014	2013
Current tax expense	47,796	45,579
Deferred tax expense		
Resulting from temporary differences	5,687	(3,288)
Resulting from the recognition of tax losses	(1,641)	(284)
Resulting from the creation (reversal) of various future tax reserves	2,085	(7,288)
Other	(494)	(257)
Income tax expense reported in the consolidated statements of income and comprehensive income	53,433	34,462

A reconciliation of income tax computed at the statutory tax rates to income tax expense is as follows:

	Fiscal 2014		Fiscal 2013	
	\$	%	\$	%
Tax at combined federal and provincial rates:	55,641	26.6	53,056	26.5
Income subject to tax at less than statutory rates	632	0.3	(1,022)	(0.5)
Non-taxable portion of capital gains	(34,063)	(16.3)	(10,125)	(5.1)
Goodwill impairment	17,340	8.3	—	—
Transaction costs	9,949	4.7	—	—
Increase (recovery) of various tax reserves	2,505	1.2	(6,383)	(3.2)
Miscellaneous differences	1,429	0.7	(1,064)	(0.5)
	53,433	25.5	34,462	17.2

The change in the Company's statutory tax rate from the prior year resulted from a change to substantively enacted provincial income tax rates and also from a change in the relative proportions of income (loss) earned in the various provinces.

The movement in the net deferred tax assets (liabilities) was as follows:

	Broadcast licenses and other intangibles	Accrued compensation	Fixed assets and film assets	Program rights	Non-capital loss carry forwards	Investments	Financing and debt retirement	Other	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance September 1, 2012	(147,180)	10,065	17,390	1,093	2,435	(2,460)	(985)	2,659	(116,983)
Recognized in profit or loss	605	653	(674)	(255)	284	1,972	5,129	3,400	11,114
Recognized in OCI	—	(222)	—	—	—	(20)	—	—	(242)
Recognized in equity	—	—	—	—	—	—	—	(139)	(139)
Balance - August 31, 2013	(146,575)	10,496	16,716	838	2,719	(508)	4,144	5,920	(106,250)
Recognized in profit or loss	10,665	1,180	(3,741)	(3,994)	1,641	(9,557)	(2,118)	290	(5,634)
Recognized in OCI	—	789	—	—	—	(68)	19	—	740
Recognized in equity	—	—	—	—	—	—	—	(1)	(1)
Acquisitions and dispositions	(126,595)	—	941	11,868	—	9,536	—	869	(103,381)
Balance - August 31, 2014	(262,505)	12,465	13,916	8,712	4,360	(597)	2,045	7,078	(214,526)

At August 31, 2014, the Company had approximately \$19,582 (2013 - \$10,307) of non-capital loss carryforwards available which expire between the years 2026 and 2034. A deferred tax asset of \$4,360 (2013 - \$2,438) has been recognized in respect of these losses and a tax benefit of \$525 (2013 - \$284) has not been recognized.

At August 31, 2014, the Company had approximately \$28,691 (2013 - \$28,792) of capital loss carryforwards available which have no expiry date. No tax benefit has been recognized in respect of these losses.

The Company has taxable temporary differences associated with its investments in its subsidiaries. No deferred tax liabilities have been provided with respect to such temporary differences as the Company is able to control the timing of the reversal and such reversal is not probable in the foreseeable future.

There are no income tax consequences attached to the payment of dividends, in either 2014 or 2013, by the Company to its shareholders.

21. 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, interest expense, restructuring 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 audited consolidated financial statements.

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
Business acquisition, integration and restructuring costs				46,792
Gain on acquisition				(127,884)
Other expense, net				5,740
Income before income taxes				209,602

Year ended August 31, 2013	Television	Radio	Corporate	Consolidated
Revenues	567,845	183,691	—	751,536
Direct cost of sales, general and administrative expenses	338,104	128,543	33,915	500,562
Segment profit (loss)	229,741	55,148	(33,915)	250,974
Depreciation and amortization				26,812
Interest expense				44,795
Broadcast license and goodwill impairment				5,734
Gain on sale of associated company				(55,394)
Debt refinancing				25,033
Business acquisition, integration and restructuring costs				7,343
Other income, net				(3,560)
Income before income taxes				200,211

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

Revenues are derived from the following areas:

	2014	2013
Advertising	404,344	352,461
Subscriber fees	335,274	276,211
Merchandising, distribution and other	93,398	122,864
	833,016	751,536

Revenues are derived from the following geographical sources, by location of customer:

	2014	2013
Canada	801,862	695,615
International	31,154	55,921
	833,016	751,536

SEGMENT ASSETS AND LIABILITIES

	2014	2013
Assets		
Television	2,222,597	1,408,929
Radio	386,454	460,341
Corporate	175,531	297,867
	2,784,582	2,167,137
Liabilities		
Television	427,965	251,387
Radio	71,609	75,488
Corporate	974,882	619,429
	1,474,456	946,304

Assets and liabilities are located primarily within Canada.

CAPITAL EXPENDITURES BY SEGMENT

	2014	2013
Television	3,133	3,105
Radio	3,857	2,401
Corporate	4,986	7,523
	11,976	13,029

Property, plant and equipment are located primarily within Canada.

22. CAPITAL MANAGEMENT

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.

Total managed capital is as follows:

	2014	2013
Long-term debt	874,251	538,966
Cash and cash equivalents	(11,585)	(81,266)
Net debt	862,666	457,700
Shareholders' equity	1,310,126	1,220,833
	2,172,792	1,678,533

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 on a number of bases, including: net debt to segment profit ratio and dividend yield. The Company's stated objectives are not to exceed a net debt to segment profit ratio of 3.5 times, and maintain a dividend yield in excess of 2.5%. The Company believes that these objectives provide a reasonable framework for providing a return to shareholders. The Company is currently operating within these internally imposed objectives.

The Company is not subject to any externally imposed capital requirements, and there has been no change in the Company's capital management approach during the year.

23. FINANCIAL INSTRUMENTS

The following tables set out the classification of financial and non-financial assets and liabilities:

As at August 31, 2014	Fair value through profit or loss	Loans and receivables	Available-for-sale	Other financial liabilities	Non-financial	Total carrying amount
Cash and cash equivalents	11,585	—	—	—	—	11,585
Accounts receivable	—	183,009	—	—	—	183,009
Investments and intangibles	—	190	19,047	—	28,393	47,630
Other assets	—	—	5,354	—	2,537,004	2,542,358
Total assets	11,585	183,199	24,401	—	2,565,397	2,784,582
Accounts payable, accrued liabilities and provisions	—	—	—	175,725	—	175,725
Long-term debt	—	—	—	874,251	—	874,251
Other long-term liabilities	—	—	—	84,718	87,075	171,793
Other liabilities	—	—	—	—	252,687	252,687
Total liabilities	—	—	—	1,134,694	339,762	1,474,456
As at August 31, 2013						
Cash and cash equivalents	81,266	—	—	—	—	81,266
Accounts receivable	—	164,302	—	—	—	164,302
Investments and intangibles	—	210	12,971	—	29,794	42,975
Other assets	—	—	5,581	—	1,873,013	1,878,594
Total assets	81,266	164,512	18,552	—	1,902,807	2,167,137
Accounts payable, accrued liabilities and provisions	—	—	—	168,384	—	168,384
Long-term debt	—	—	—	538,966	—	538,966
Other long-term liabilities	—	—	—	37,319	55,922	93,241
Other liabilities	—	—	—	—	145,713	145,713
Total liabilities	—	—	—	744,669	201,635	946,304

FAIR VALUES

The fair values of financial instruments included in current assets and current liabilities approximate their carrying values due to their short-term nature.

The fair value of publicly-traded shares included in investments and intangibles is determined by quoted share prices in active markets. The fair value of other financial instruments included in this category is determined using other valuation techniques.

The fair value of bank loans is estimated based on discounted cash flows using year-end market yields, adjusted to take into account the Company's own credit risk. On February 3, 2014, the Company's bank loans were amended and, as a result, the Company has estimated the fair value of its bank debt to be approximately equal to its carrying amount as at August 31, 2014.

Contemporaneously with the amendment of the bank loans, the Company entered into Canadian dollar interest rate swap agreements. The fair value of the interest rate swap agreements is calculated by way of discounted cash flows, using market interest rates and applicable credit spreads.

The fair value of the Company's Notes is based on the trading price of the Notes, which takes into account the Company's own credit risk. At August 31, 2014, the Company has estimated the fair value of its Notes to be approximately \$543,400 (2013 - \$518,650).

The fair values of financial instruments in other long-term liabilities approximate their carrying values as they are recorded at the net present values of their future cash flows, using an appropriate discount rate.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The following tables present information related to the Company's financial assets measured at fair value on a recurring basis and the level within the guidance hierarchy in which the fair value measurements fall as at August 31 as follows:

	Quoted prices in active markets for identical assets or liabilities (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)
As at August 31, 2014			
Assets			
Cash and cash equivalents	11,585	—	—
Investments	—	1,167	—
Other non-financial assets	—	—	5,354
Assets carried at fair value	11,585	1,167	5,354
Liabilities			
Interest rate swap	—	72	—
Liabilities carried at fair value	—	72	—

	Quoted prices in active markets for identical assets or liabilities (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)
As at August 31, 2013			
Cash and cash equivalents	81,266	—	—
Investments	—	602	—
Other non-financial assets	—	—	5,581
Assets carried at fair value	81,266	602	5,581

Excluded from the above tables are the Company's investments that are measured at cost, as fair value is not reliably measured.

RISK MANAGEMENT

The Company is exposed to various risks related to its financial assets and liabilities. These risk exposures are managed on an ongoing basis.

Credit risk

In the normal course of business, the Company is exposed to credit risk from its accounts receivable from customers. The carrying amounts for accounts receivable are net of applicable allowances for doubtful accounts, which are estimated based on past experience, specific risks associated with the customer and other relevant information.

The maximum exposure to credit risk is the carrying amount of the financial assets.

The following table sets out the details of the aging of accounts receivable and allowance for doubtful accounts as at August 31 as follows:

	2014	2013
Trade		
Current	91,798	91,175
One to three months past due	58,867	50,179
Over three months past due	18,304	11,557
	168,969	152,911
Other	19,840	13,880
	188,809	166,791
Less allowance for doubtful accounts	5,800	2,489
	183,009	164,302

The following table sets out the continuity for the allowance for doubtful accounts:

	2014	2013
Balance, beginning of year	2,489	2,757
Provision for doubtful accounts	2,692	339
Acquisitions	1,683	—
Write-off of bad debts	(1,064)	(607)
Balance, end of year	5,800	2,489

The Company invoices 14% of its revenues to one related party (2013 – 16%). This related party comprises 12% of the accounts receivable balance as at August 31, 2014 (2013 – 13%).

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with its financial obligations. The Company manages liquidity risk primarily by maintaining sufficient unused capacity within its long-term debt facility, and by continuously monitoring forecast and actual cash flows. The unused capacity at August 31, 2014 was approximately \$315,000 (2013 - \$500,000). Further information with respect to the Company's long-term debt facility is provided in note 13.

The following table sets out the undiscounted contractual obligations related to repayment of long-term debt, program rights payable and other liabilities as at August 31, 2014:

	Total	Less than one year	One to three years	Beyond three years
Long-term debt	540,575	—	—	540,575
Bank loans	333,676	—	333,676	—
Interest on notes	128,563	23,375	46,750	58,438
Program rights payable	149,123	67,194	73,014	8,915
Accounts payable and other accrued liabilities	112,664	112,664	—	—
Other liabilities	1,110	564	546	—
	1,265,711	203,797	453,986	607,928

In fiscal 2014, the Company incurred interest on bank loans, swaps on credit facilities and Notes of \$32,121 (2013 - \$32,814).

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuers or factors affecting all instruments traded in the market.

The Company is exposed to foreign exchange risk through its treasury function, international content distribution operations and U.S. dollar denominated programming purchasing. The most significant foreign currency exposure is to movements in the U.S. dollar to Canadian dollar exchange rate and the U.S. dollar to euro exchange rate. The impact of foreign exchange on income before income taxes and non-controlling interest is detailed in the table below:

	2014	2013
Direct cost of sales, general and administrative expenses	(362)	(10)
Other income, net	(649)	(876)
	(1,011)	(886)

An assumed 10% increase or decrease in exchange rates as at August 31, 2014 would not have had a material impact on net income or other comprehensive income for the year.

The Company is exposed to interest rate risk on the bankers' acceptances issued at floating rates under its bank loan facility. An assumed 1% increase or decrease in short-term interest rates during the year ended August 31, 2014 would not have had a material impact on net income for the year.

Other considerations

The Company does not engage in trading or other speculative activities with respect to derivative financial instruments.

24. CONSOLIDATED STATEMENTS OF CASH FLOWS

Additional disclosures with respect to the consolidated statements of cash flows are as follows:

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

	2014	2013
Interest paid	33,667	35,346
Interest received	722	1,091
Income taxes paid	50,249	27,272

Net change in non-cash working capital balances related to operations consists of the following:

	2014	2013
Accounts receivable	22,061	359
Prepaid expenses and other	3,461	(3,852)
Accounts payable and accrued liabilities	(6,900)	(5,036)
Income taxes payable and recoverable	(9,549)	7,960
Other long-term liabilities	(3,897)	5,249
Other	17,769	2,088
	22,945	6,768

25. GOVERNMENT FINANCING AND ASSISTANCE

Revenues include \$2,542 (2013 - \$4,945) of production financing obtained from government programs. This financing provides a supplement to a production series' Canadian license fees and is not repayable.

As well, revenues include \$935 (2013 - \$1,105) of government grants relating to the marketing of books in both Canada and international markets. The majority of the grants are repayable if the average profit margin for the three-year period following receipt of the funds equals or is greater than 15%.

26. BUSINESS COMBINATIONS AND DIVESTITURES

ACQUISITION OF CONTROL OF TELETOON CANADA INC. ("TELETOON")

On September 1, 2013, Corus determined that the definition of control as defined under IFRS 10 – *Consolidated Financial Statements* with respect to its investment in TELETOON was met. The determination of control was based on the following:

- (1) Power over the investee:
 - Effective September 1, 2013, as a consequence of an amendment to TELETOON's underlying Shareholders Agreement and changes to its board composition, Corus gained majority Board representation of TELETOON. This resulted in the Company gaining significant decision-making ability to direct the relevant activities of TELETOON;
- (2) Exposure or rights to variable returns of the investee:
 - The Company had exposure to variable returns of TELETOON through its existing 50% equity interest, a fixed forward purchase price, and potential operating synergies; and
- (3) The ability to use power over the investee to affect the amount of the investor's returns:
 - The Company's rights to direct the relevant activities of TELETOON were substantive, and its exposure to the variable returns from TELETOON were such that the Company's ability to direct TELETOON's relevant activities could have a significant impact to Corus as an owner.

Accordingly, a business combination had occurred in accordance with IFRS 3 – *Business Combinations* and as a result, TELETOON must be accounted for by applying the acquisition method. On December 20, 2013, the Company received CRTC approval to complete the acquisition of the remaining 50% interest in TELETOON that it did not already own. This acquisition closed on January 1, 2014. As a result of the change in control, the Company's existing equity interest must be remeasured to fair value as at the date of change in control, September 1, 2013.

The fair value of the Company's equity interest in TELETOON before the business combination amounted to \$253,815. The Company recorded a non-cash gain of \$127,884 in the first quarter of fiscal 2014 as a result of the remeasurement to fair value of its 50% previously owned equity interest of TELETOON, which is recorded as gain on acquisition in the consolidated statements of income and comprehensive income.

The results of the operations of TELETOON, as well as its assets and liabilities, are now included in the Television segment effective September 1, 2013 at 100%. The purchase price equation was accounted for using the purchase method.

ACQUISITION OF CONTROL OF HISTORIA AND SÉRIES+ S.E.NC. (“H&S”)

On January 1, 2014, the Company acquired 50% of the outstanding shares of the French-language specialty channels, H&S, from Bell as part of its acquisition of Astral Media Inc. (“Astral”). In addition, on the same date the Company acquired the remaining 50% of the outstanding shares of H&S from Shaw Media, a division of Shaw Communications Inc. (“Shaw”), a related party to Corus subject to common voting control. The results of operations of H&S, as well as its assets and liabilities, are included in the Television segment at 100% interest, effective January 1, 2014.

The purchase price equation was accounted for using the purchase method.

ACQUISITION OF CONTROL OF OTTAWA RADIO STATIONS (CJOT-FM AND CKQB-FM, “OTTAWA RADIO”)

On January 31, 2014, the Company acquired 100% of the outstanding shares of the Ottawa radio stations from Bell. The results of operations of Ottawa radio, as well as their assets and liabilities, are included in the Radio segment at 100% interest, effective January 31, 2014.

The purchase price equation was accounted for using the purchase method.

PURCHASE PRICE EQUATIONS

The following table summarizes the fair value of the consideration owing and the fair value assigned to each major class of assets and liabilities for each purchase price equation:

Fair value recognized on acquisition date:	TELETOON	H&S	Ottawa radio	Total
Assets				
Cash	4,815	—	—	4,815
Restricted cash	4,815	—	—	4,815
Accounts receivable	24,332	7,435	550	32,317
Other assets	48	16	36	100
Property, plant and equipment	—	—	900	900
Program and film rights	69,036	8,503	—	77,539
Broadcast licenses	284,000	189,899	8,500	482,399
	387,046	205,853	9,986	602,885
Liabilities				
Accounts payable and accrued liabilities	(10,023)	(4,464)	(138)	(14,625)
Other long-term liabilities	(35,119)	—	(2,444)	(37,563)
Deferred tax liability	(53,253)	(50,041)	(84)	(103,378)
	(98,395)	(54,505)	(2,666)	(155,566)
Total identifiable net assets at fair value	288,651	151,348	7,320	447,319
Goodwill arising on acquisition	218,979	129,017	6,367	354,363
Fair value of existing 50% ownership interest	(253,815)	—	—	(253,815)
Purchase price obligation on acquisition date	253,815	280,365	13,687	547,867
Revaluation of purchase price obligation at period end	3,336	—	—	3,336
Distribution of restricted cash	(6,051)	—	—	(6,051)
Settlement of promissory note with Shaw	—	(47,759)	—	(47,759)
Cash consideration	251,100	232,606	13,687	497,393

The Company identified intangible assets of \$482,399 related to broadcast licenses. Goodwill of \$354,363 arises principally from the ability to leverage media content and the expected operating synergies arising from the integration of the acquired businesses with Corus' existing operations. None of the goodwill recognized is expected to be deductible for income tax purposes.

In fiscal 2014, the Company incurred \$14,876 in transaction, restructuring and consulting costs related to the business acquisitions. In addition, the Company, upon acquisition of control of TELETOON, H&S and the two Ottawa radio stations on September 1, 2013, January 1, 2014 and January 31, 2014, respectively, recorded a charge of \$31,916 related to the present value of the CRTC tangible benefit obligation to be paid over a seven-year period, to benefit the Canadian broadcasting system as part of these acquisitions. These costs were recorded in the consolidated statements of income and comprehensive income in the line item entitled business acquisition, integration and restructuring costs.

In the third quarter of fiscal 2014, working capital adjustments of \$5,288 were settled in cash, with a corresponding \$3,336 income adjustment included in other (income) expense, net (note 19) in the consolidated statements of income and comprehensive income.

PROFORMA DISCLOSURES

The following pro forma supplemental information presents certain results of operations as if the transactions noted above had been completed at the beginning of the fiscal period presented.

For the year ended August 31, 2014

	As currently reported ⁽¹⁾	Pro forma ⁽²⁾
Revenues	833,016	854,147
Net income attributable to shareholders	150,408	158,016

⁽¹⁾ Revenues of \$132,238 and net income of \$34,015 are included in the consolidated statements of income and comprehensive income from the date of acquisition.

⁽²⁾ Pro forma amounts for the year ended August 31, 2014, reflect H&S and the two Ottawa radio stations as if they were acquired September 1, 2013. TELETOON was fully consolidated effective September 1, 2013.

The pro forma supplemental information is based on estimates and assumptions which are believed to be reasonable. The pro forma supplemental information is not necessarily indicative of the Company's consolidated financial results in future periods or the results that would have been realized had the business acquisitions been completed at the beginning of the period presented. The pro forma supplemental information excludes business integration costs and opportunities.

TRANSACTIONS WITH SHAW COMMUNICATIONS INC. ("SHAW")

During the third quarter of 2013, the Company entered into a series of agreements with Shaw, a related party subject to common voting control.

On April 30, 2013, the Company disposed of its 20% interest in Food Network Canada to Shaw Media, a division of Shaw, for \$66,806, resulting in a gain of \$55,394 (note 5). Contemporaneously, on April 30, 2013, the Company acquired the remaining 49% interest in the voting shares of ABC Spark from Shaw, increasing its ownership interest to 100%. The carrying value of the non-controlling interest of ABC Spark at the acquisition date was \$1,881. The \$17,231 difference between the consideration and the carrying value of the interest acquired was recognized in retained earnings within shareholders' equity in fiscal 2013. The Company received a non-interest bearing promissory note from Shaw of \$47,789 to satisfy the net consideration in respect of these transactions.

On January 1, 2014, the Company acquired from Shaw its 50% interest in its two French-language channels, Historia and Séries+. The promissory note from Shaw was settled upon closing of the Company's acquisition of H&S from Shaw.

27. COMMITMENTS, CONTINGENCIES AND GUARANTEES

LEASES

The Company enters into operating leases for the use of facilities and equipment. During fiscal 2014, rental expenses in direct cost of sales, general and administrative expenses totalled approximately \$21,422 (2013 - \$21,239). Future minimum rental payments payable under non-cancellable operating leases at August 31, are as follows:

	2014	2013
Within one year	25,430	24,428
After one year but not more than five years	97,722	88,888
More than five years	290,617	279,157
	413,769	392,473

The Company has entered into finance leases for the use of computer equipment and software, telephones, furniture and broadcast equipment. The leases range between three and five years and bear interest rates varying from 2.1% to 7.0%. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2014		2013	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	2,921	2,638	2,556	2,147
After one year but not more than five years	4,362	4,056	3,247	3,098
Total minimum lease payments	7,283	6,694	5,803	5,245
Less amounts representing finance charges	589	—	558	—
Present value of minimum lease payments	6,694	6,694	5,245	5,245

PURCHASE COMMITMENTS

The Company has entered into various agreements for the right to broadcast or distribute certain film, television and radio programs in the future. These agreements, which range in term from one to five years, generally commit the Company to acquire specific films, television and radio programs or certain levels of future productions. The acquisition of these broadcast and distribution rights is contingent on the actual delivery of the productions. Management estimates that these agreements will result in future program and film expenditures of approximately \$61,711 (2013 - \$53,997). In addition, the Company has commitments of \$97 (2013 - nil) for future television script production.

The Company has commitments related to trade marks and certain other intangible rights until February 2021, for a total of approximately \$16,641 (2013 - \$19,942). The Company has certain additional annual commitments, some of which are contingent on performance, to pay royalties for trade mark rights. In addition, the Company has licenses and other commitments over the next five years to use specific software, signal and satellite functions of approximately \$29,549 (2013 - \$40,352). Generally, it is not the Company's policy to issue guarantees to non-controlled affiliates or third parties, with limited exceptions.

LITIGATION

The Company, its subsidiaries and joint ventures are involved in litigation matters arising out of the ordinary course and conduct of its business. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to litigation to be material to these consolidated financial statements.

OTHER MATTERS

Many of the Company's agreements, specifically those related to acquisitions and dispositions of business assets, included indemnification provisions where the Company may be required to make payments to a vendor or purchaser for breach of fundamental representation and warranty terms in the agreements with respect to matters such as corporate status, title of assets, environmental issues, consents to transfer, employment matters, litigation, taxes payable and other potential material liabilities. The maximum potential amount of future payments that the Company could be required to make under these indemnification provisions is not reasonably quantifiable, as certain indemnifications are not subject to a monetary limitation. As at August 31, 2014, management believed there was only a remote possibility that the indemnification provisions would require any material cash payment.

The Company indemnifies its directors and officers against any and all claims or losses reasonably incurred in the performance of their service to the Company to the extent permitted by law. The Company has acquired and maintains liability insurance for directors and officers of the Company and its subsidiaries.

28. RELATED PARTY TRANSACTIONS

CONTROLLING SHAREHOLDER

JR Shaw and members of his family, and the corporations owned and/or controlled by JR Shaw and members of his family (the "Shaw Family Group") own a majority of the outstanding Class A Voting Shares of the Company. The Class A Voting Shares are the only shares entitled to vote in all shareholder matters. All of the Class A Voting Shares held by the Shaw Family Group are subject to a voting trust agreement entered into by such persons. The voting rights with respect to such Class A Voting Shares are exercised by the representative of a committee of five trustees. Accordingly, the Shaw Family Group is, and as long as it owns a majority of the Class A Voting Shares, will continue to be able to elect a majority of the Board of Directors of the Company and to control the vote on matters submitted to a vote of the Company's Class A shareholders. The Shaw Family Group is represented as Directors of the Company.

The Shaw Family Group is also the controlling shareholder of Shaw Communications Inc. (“Shaw”). As a result, Shaw and Corus are subject to common voting control.

TRANSACTIONS

The Company has transacted business in the normal course with Shaw and with entities over which the Company exercises significant influence and joint control. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties and having normal trade terms.

SHAW COMMUNICATIONS INC. (“SHAW”)

The Company and Shaw are subject to common voting control. During the year, the Company received subscriber, programming licensing and advertising fees of \$118,452 (2013 - \$122,460) from Shaw. In addition, the Company paid cable and satellite system distribution access fees of \$5,578 (2013 - \$4,605) and administrative and other fees of \$1,941 (2013 - \$1,534) to Shaw. At August 31, 2014, the Company had \$22,303 (2013 - \$21,541) receivable from Shaw.

The Company provided Shaw with interactive impressions, radio and television spots in return for television advertising. No monetary consideration was exchanged for these transactions and no amounts were recorded in the accounts.

SIGNIFICANT SUBSIDIARIES

The following table includes the significant subsidiaries of the Company:

Name	Jurisdiction	Percentage ownership	
		2014	2013
Historia Network	Canada	100%	—
Séries+ Network	Canada	100%	—
ABC Spark Network	Canada	100%	51%
Cosmopolitan Television (“Cosmo”)	Nova Scotia	54%	54%
Corus Premium Television	Canada	100%	100%
Corus Radio Company	Nova Scotia	100%	100%
Country Music Television (“CMT”)	British Columbia	80%	80%
Encore Avenue	Canada	100%	100%
Movie Central	Canada	100%	100%
Nelvana	Ontario	100%	100%
Telelatino Network (“TLN”)	Canada	50.5%	50.5%
TELETOON Canada (note 3)	Canada	100%	50%
OWN Network	Ontario	100%	100%
W Network	Canada	100%	100%
YTV Canada	Canada	100%	100%

SPECIALTY CHANNELS

During the year, the Company received administrative and other fees of \$1,134 (2013 - \$7,739) from its non-wholly owned specialty channels including CMT, Cosmo, and TLN. At August 31, 2014, the Company had \$79 (2013 - \$853) receivable from these entities.

EMPLOYEE BENEFITS

The Company has a defined contribution plan for qualifying full-time employees. Under the plan, the Company contributes up to 6% (2013 – 5%) of an employee’s earnings, not exceeding the limits set by the *Income Tax Act* (Canada). The amount contributed in fiscal 2014 related to the defined contribution plan was \$6,072 (2013 - \$5,822). The amount contributed is approximately the same as the expense included in the consolidated statements of income and comprehensive income.

The Company maintains four defined benefit plans (“DBPs”) and two supplementary executive retirement plans which provide pension benefits to certain of its employees in Canada that are included in long-term employee obligations (note 14). The four DBPs are funded plans with pension benefits calculated based on a combination of years of service and compensation levels.

The two supplementary executive retirement plans (“SERP” and “CEO SERP”) are unfunded defined benefit plans, which provide post-retirement income. Benefits under these plans are based on the employee’s highest three-year average rate of base pay and, in the case of the CEO SERP, base pay plus 50% of short-term incentives at target, during their most recent 10 years of service, accrued starting from the date of the implementation of the plan, and currently includes a benefit for past service, as applicable under the terms of the plan.

The net defined benefit obligation, as determined by independent actuaries as at August 31, 2014, amounted to \$16,555 (2013 - \$12,186). The net benefit expense included in the consolidated statements of income for the year amounted to \$1,665 (2013 - \$1,383). The net actuarial loss recognized in the consolidated statements of comprehensive income for the year amounted to \$2,188 (2013 - \$616 actuarial gain). The remaining change in the liability relates to contributions made in the year. The discount rate used to measure the benefit obligations was between 3.25% and 4.25% (2013 - 3.25% to 4.8%).

KEY MANAGEMENT PERSONNEL

Key management personnel consist of the Board of Directors and the Executive Management Team who have the authority and responsibility for planning, directing and controlling the activities of the Company. The Executive Management Team are also officers of the Company.

Included in other investments (note 5) and share capital (note 15) is a loan of \$190 (2013 - \$210) made to the Chief Executive Officer of the Company for housing purposes prior to July 31, 2002. The loan is collateralized by charges on the officers’ personal residence. The loan is non-interest bearing and is due October 31, 2022.

Key management personnel compensation, including the Executive Management Team, officers and directors of the Company, is as follows:

	2014	2013
Salaries and benefits	7,428	9,010
Post-employment benefits	1,588	1,435
Share-based compensation (note 15)	6,138	7,047
	15,154	17,492

Except for the President and Chief Executive Officer, no other member of the executive leadership team has an employment agreement or any other contractual arrangement in place with the Company in connection with any termination or change of control event, other than the conditions provided in the compensation plans of the Company. Generally, severance entitlements, including short-term incentives payable to the executive leadership team other than the President and Chief Executive Officer, would be determined in accordance with applicable common law requirements. Long-term incentive plans, such as stock options, are exercisable if vested, while PSUs, DSUs, RSUs and SERP, would be payable if vested.

The employment agreement with the President and Chief Executive Officer provides for a severance payment if the executive’s employment is terminated without cause or under change of control: equal to two times the aggregate amount of his annual salary and short-term incentive bonus at target; a provision for the vesting of all previously awarded but unvested stock options; all PSUs and DSUs would be payable if vested; and the CEO SERP would vest immediately and accrue up to two years of additional service to a maximum age of 62.

29. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2014 consolidated financial statements and to give effect to the accounting changes described in note 3.

30. SUBSEQUENT EVENT

On September 4, 2014, the Company acquired an equity interest in Digital Entertainment Corporation of America (“DECA”) for US\$10,000, which operates the Kin Community Network. DECA operates a women-targeted multi-channel network on YouTube. This investment will be accounted for using the equity method.

Corus[®]

ENTERTAINMENT

CORUS ENTERTAINMENT INC.

Stock Exchange Listing and Trading Symbol

Toronto Stock Exchange
TSX: CJR.B

Registered Office

1500, 850-2nd Street SW
Calgary, Alberta T2P 0R8

Executive Office

Corus Quay
25 Dockside Drive
Toronto, Ontario M5A 0B5
Telephone: 416.479.7000
Facsimile: 416.479.7007

Website

www.corusent.com

Auditors

Ernst & Young LLP

Primary Bankers

The Toronto-Dominion Bank

Shareholder Services

For assistance with the following:

- Change of address
- Transfer or loss of share certificates
- Dividend payments or direct deposit of dividends
- Dividend Reinvestment Plan

please contact our **Transfer Agent and Registrar:**

CST Trust Company
PO Box 700, Station B
Montreal, Quebec H3B 3K3
Telephone: 1.800.387.0825
Facsimile:
1.888.249.6189 (in North America)
514.985.8843 (outside North America)
www.canstockta.com

Annual General Meeting

January 13, 2015
2 p.m. MT/4 p.m. ET
Sheraton Eau Claire
Wildrose Room
255 Barclay Parade S.W.
Calgary, Alberta
T2P 5C2

Dividend Information

Corus Entertainment pays its dividend on a monthly basis and all dividends are “eligible” dividends for Canadian tax purposes unless indicated otherwise.

For further information on the dividend, including the latest approved dividends and historical dividend information, please visit the Investor Relations section of Corus Entertainment’s website (www.corusent.com).

Dividend Reinvestment Plan (“DRIP”)

CST Trust Company acts as administrator of Corus Entertainment’s Dividend Reinvestment Plan, which is available to the Company’s registered Class A and Class B Shareholders residing in Canada. To review the full text of the Plan and obtain an enrollment form, please visit the Plan Administrator’s website at www.canstockta.com or contact them at 1.800.387.0825.

Corporate Social Responsibility (“CSR”)

Since the Company’s launch in 1999, Corus Entertainment (“Corus”) has had a long and successful track record of corporate social responsibility (CSR) that encompasses community, employees, industry engagement and environmental initiatives. Corus and its employees have embraced the philosophy of giving back to the community by supporting worthwhile causes company-wide as well as individually. With the launch of our national initiative Corus Feeds Kids in 2012, which focuses on the well-being of children, Corus remains committed to making a difference and enriching the lives of the communities we serve. For more information or to view Corus’ CSR report, please visit the Corus Entertainment website (www.corusent.com).

Corporate Governance

The Board of Directors of the Company endorses the principles that sound corporate governance practices

(“Corporate Governance Practices”) are important to the proper functioning of the Company and the enhancement of the interests of its shareholders.

The Company’s Statement of Corporate Governance Practices as they compare to the CSA Guidelines on Corporate Governance, and the Charter of the Board of Directors may be found in the Company’s most recently filed Management Information Circular and in the Investor Relations section of Corus Entertainment’s website (www.corusent.com).

Further Information

Financial analysts, portfolio managers, other investors and interested parties may contact Corus Entertainment at 416.479.7000 or visit Corus Entertainment’s website (www.corusent.com).

Corus Entertainment’s Annual Reports, Annual Information Forms, Management Information Circulars, quarterly financial reports, press releases, investor presentations and other relevant materials are available in the Investor Relations section of Corus Entertainment’s website (www.corusent.com).

To receive additional copies of Corus Entertainment’s Annual Report, please fax your request to the Director, Communications at 416.479.7007.

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