CORUS ENTERTAINMENT

Second Quarter 2015
Report to Shareholders

For the Three and Six Months Ended February 28, 2015
(Unaudited)

CORUS ENTERTAINMENT INC.
Second Quarter Report to Shareholders

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Highlights

Financial Highlights

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

(in thousands of Canadian dollars except per share amounts)	Three months ended February 28,		Six months ended February 28,	
	2015	2014	**2015**	2014
Revenues				
Television	**155,175**	152,101	**336,665**	330,050
Radio	**36,309**	39,312	**81,930**	87,368
	191,484	191,413	**418,595**	417,418
Segment profit[1]				
Television	**59,700**	58,034	**143,479**	140,558
Radio	**6,227**	8,470	**19,047**	24,307
Corporate	**(6,208)**	(7,222)	**(9,531)**	(13,307)
	59,719	59,282	**152,995**	151,558
Net income (loss) attributable to shareholders	**(86,786)**	6,116	**(34,880)**	157,007
Adjusted net income attributable to shareholders[1] [2]	**28,499**	26,780	**80,405**	81,957
Basic earnings (losses) per share	**$ (1.01)**	$ 0.07	**$ (0.41)**	$ 1.85
Adjusted basic earnings per share [1] [2]	**$ 0.33**	$ 0.32	**$ 0.93**	$ 0.97
Diluted earnings (losses) per share	**$ (1.01)**	$ 0.07	**$ (0.41)**	$ 1.85
Free cash flow[1]	**59,242**	73,405	**92,624**	123,041

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

[2] For the three and six months ended February 28, 2015, excludes radio broadcast license and goodwill impairment charges of $130.0 million ($1.44 per share), business acquisition, integration and restructuring charges of $8.0 million ($0.07 per share), offset by a gain on disposition of investment of $17.0 million ($0.17 per share). For the three months ended February 28, 2014, excludes 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 a decrease in the purchase price obligation of $2.1 million ($0.02 per share). For the six month period ended February 28, 2014, excludes the impact of a $127.9 million ($1.51 per share) gain on remeasurement to fair value of the Company's 50% interest in TELETOON which was held prior to consolidation on September 1, 2013, radio broadcast license impairment charges of $8.0 million ($0.07 per share), business acquisition, integration and restructuring costs of $40.7 million ($0.46 per share), an increase in the purchase price obligation of $5.3 million ($0.06 per share) and investment impairment related charges of $3.3 million ($0.04 per share).

Significant Events in the Quarter

- On December 8, 2014, the Company was named, for the fifth time, one of Greater Toronto's Top Employers for 2015 by Mediacorp Canada Inc. This special designation recognizes Greater Toronto employers that lead their industries in offering exceptional places to work.
- On December 30, 2014, the Company paid a monthly dividend of $0.090417 and $0.090833 per share to holders of its Class A and Class B Shares, respectively.
- On January 12, 2015, the Company's founding President and CEO, John Cassaday, announced he would retire from Corus at the end of his contract term, effective March 30, 2015. Under Mr. Cassaday's leadership, Corus has grown to become a leading media and entertainment company with a diversified portfolio of powerful brands, encompassing television, radio and content assets. The Company also announced that its COO, Doug Murphy, would assume the position of President and CEO upon Mr. Cassaday's departure. Mr. Murphy is a seasoned executive with 12 years of experience in various leadership roles at Corus.
- On January 13, 2015, the Company announced that effective February, 2015, it had approved a $0.05 per share increase in its annual dividend. The Company's monthly dividend for holders of its Class A and Class B Shares was increased to $0.094583 and $0.095, respectively, or $1.0135 and $1.14, respectively, on an annual basis.
- On January 15, 2015, the Company announced the voting results from its Annual Meeting of Shareholders (the "Meeting") held on January 13, 2015. A total of 3,269,228 Class A Participating Shares ("Class A Voting Shares"), representing 95.36% of the Company's issued and outstanding Class A Voting Shares, were voted in connection with the Meeting. All matters put forth at the Meeting were approved by 100% of votes cast by the Class A Voting Shareholders as detailed in the Company's filing on www.sedar.com.
- On January 20, 2015, the Company's TLN Telelatino Network, in partnership with Hemisphere Media Group, announced that they will expand their collaboration in Canada beyond leading Spanish-language movie channel Cinelatino, to deliver three additional Hemisphere Media all-Spanish language TV channels to Canada's 1.6 million and growing Spanish speaking community.
- On January 29, 2015, the Canadian Radio-television and Telecommunications Commission ("CRTC") issued the first stage of policies concerning the regulation of Canadian television and broadcasting distribution undertakings. The next three decisions were published on March 12, 19, and 26, 2015. These decisions dealt with over-the-air broadcasting, carriage of services, access to market, types of licenses, pricing, consumer interfaces and data. The policies will be implemented over a period of time from January 29, 2015 to September 2018. The decisions can be found at www.crtc.gc.ca.
- On January 30, 2015, the Company's Winnipeg radio station, CJKR-FM, launched as 97.5 BIG FM, a radio station that features big hits and classic rock.
- On January 30, 2015, the Company paid a monthly dividend of $0.090417 and $0.090833 per share to holders of its Class A and Class B Shares, respectively.
- On February 4, 2015, the Company exceeded its 2014 United Way Campaign goal by raising over $550,000 in support of many charitable organizations across the country. The total amount raised represents an impressive 18% increase from its 2013 campaign.
- On February 13, 2015, Corus Radio expanded its successful Fresh Radio format into two new markets, Kingston (CKWS-FM) and Peterborough (CKRU-FM), bringing the total number of Fresh Radio stations to seven. Fresh Radio also serves audiences in Edmonton (CKNG-FM), Winnipeg (CJGV-FM), Hamilton (CING-FM), London (CFHK-FM) and Cornwall (CFLG-FM).

- On February 17, 2015, 38 of the Company's radio stations introduced robust individual station apps, developed and created by SoCast, which deliver customized exclusive music content, up-to-the-minute breaking news and real-time conversations to the markets they serve.
- On February 20, 2015, the Company's subsidiary Nelvana, along with co-production partner HIT Entertainment, was awarded a 2015 International Emmy® Kids Award for the preschool animated series *Mike the Knight.*
- On February 23, 2015, the Company's W Network brought two new consumer-facing online properties to market with the launch of the lifestyle site W Dish and the short-form digital video hub W View.
- On February 25, 2015, the Company's credit agreement with a syndicate of banks was amended to extend the maturity date of the $500.0 million revolving facility to February 25, 2019.
- On February 27, 2015, the Company paid a monthly dividend of $0.094583 and $0.095 per share to holders of its Class A and Class B Shares, respectively.

Significant Events Subsequent to the Quarter

- On March 1, 2015, the Company's Movie Central service received 23 Canadian Screen Awards including Best Comedy Series for *Call Me Fitz*, Best Performance by an Actor (Don McKellar) in a Continuing Leading Comedic Role for *Sensitive Skin* and Best Documentary Program for *Our Man in Tehran*.
- On March 9, 2015, the Company's specialty service Historia launched the iconic golden History Channel "H" brand as its new logo following its recent partnership agreement with A+E Networks.
- On March 30, 2015, Doug Murphy assumed the role of President and Chief Executive Officer of the Company.
- On March 31, 2015, the Company paid a monthly dividend of $0.094583 and $0.095 per share to holders of its Class A and Class B Shares, respectively.
- On March 31, 2015, the Company, for the seventh year in a row, was named one of Canada's Best Diversity Employers for 2015 by Mediacorp Canada Inc. This award recognizes Corus for its exceptional workplace diversity and inclusiveness programs.
- On March 31, 2015, the Company and Nickelodeon expanded their partnership with a new long-term agreement that grants Corus exclusive Canadian rights to all of Nickelodeon's English- and French-language content across digital platforms and linear services. Under the terms of the new licensing deal, Corus becomes the sole distributor and rights holder of Nickelodeon's current content and library titles in Canada.

Management's Discussion and Analysis

Management's Discussion and Analysis of the financial position and results of operations for the three and six months ended February 28, 2015 is prepared at March 31, 2015. The following should be read in conjunction with Management's Discussion and Analysis, consolidated financial statements and the notes thereto included in the Company's August 31, 2014 Annual Report and the consolidated financial statements and notes of the current quarter. The financial highlights included in the discussion of the segmented results are derived from the unaudited consolidated financial statements. All amounts are stated in Canadian dollars unless specified otherwise.

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

Cautionary statement regarding forward-looking statements

To the extent any statements made in this report contain information that is not historical, these statements are forward-looking statements and may be forward-looking information within the meaning of applicable securities laws (collectively, "forward-looking statements"). These forward-looking statements relate to, among other things, our objectives, goals, strategies, intentions, plans, estimates and outlook, including advertising, distribution, merchandise and subscription revenues, operating costs and tariffs, taxes and fees, and can generally be identified by the use of the words such as "believe", "anticipate", "expect", "intend", "plan", "will", "may" and other similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. Although Corus believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, including without limitation, factors and assumptions regarding advertising, distribution, merchandise and subscription revenues, operating costs and tariffs, taxes and fees and actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from these expectations include, among other things: our ability to attract and retain advertising revenues; audience acceptance of our television programs and networks; our ability to recoup production costs, the availability of tax credits and the existence of co-production treaties; our ability to compete in any of the industries in which we do business; the opportunities (or lack thereof) that may be presented to and pursued by us; conditions in the entertainment, information and communications industries and technological developments therein; changes in laws or regulations or the interpretation or application of those laws and regulations; our ability to integrate and realize anticipated benefits from our acquisitions and to effectively manage our growth; our ability to successfully defend ourselves against litigation matters arising out of the ordinary course of business; and changes in accounting standards. Additional information about these factors and about the material assumptions underlying such forward-looking statements may be found in our Annual Information Form. Corus cautions that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Corus, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Unless otherwise required by applicable securities laws, 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 financial operating performance of the Company. Annual targets for fiscal 2015 and related assumptions are described in the *Outlook* section of this MD&A.

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

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

Overview of Consolidated Results

Net loss attributable to shareholders for the second quarter of fiscal 2015 was $86.8 million on revenues of $191.5 million, as compared to net income of $6.1 million on revenues of $191.4 million in the prior year. Consolidated segment profit increased 1% from the prior year, with an increase of 3% in the Television segment, offset by a decrease of 26% in the Radio segment. Further analysis is provided in the discussions of segmented results.

Net loss attributable to shareholders for the six month period ended February 28, 2015 was $34.9 million on revenues of $418.6 million, as compared to net income of $157.0 million on revenues of $417.4 million in the prior year. Consolidated segment profit increased 1% from the prior year, with Television up 2% and Radio down 22%. Further analysis is provided in the discussions of segmented results.

For fiscal 2014, the operating results of TELETOON Canada Inc. ("TELETOON"), as well as its assets and liabilities, have been fully consolidated effective September 1, 2103 as a consequence of meeting the definition of control under IFRS 10 – *Consolidated Financial Statements.* Further discussion is provided in note 27 of the Company's audited consolidated financial statements for the year ended August 31, 2014.

Revenues

Revenues for the second quarter of fiscal 2015 were $191.5 million, compared to $191.4 million last year. On a consolidated basis, subscriber revenues increased by 2%, advertising revenues decreased by 7% and merchandising, distribution and other revenues increased by 25%. Revenues increased for Television by 2%, while Radio decreased by 8% in the second quarter compared to the prior year. Further analysis of revenues is provided in the discussion of segmented results.

For the six month period ended February 28, 2015, revenues of $418.6 million were up $1.2 million from $417.4 million last year. On a consolidated basis, both subscriber revenues and merchandising, distribution and other revenues increased by 5%, while advertising revenues decreased by 4%. Refer to discussions of segmented results for additional analysis of revenues.

Direct cost of sales, general and administrative expenses

Direct cost of sales, general and administrative expenses for the second quarter of fiscal 2015 were $131.8 million, down from $132.1 million in the prior year. This decrease resulted from lower costs in the Corporate and Radio reporting segments, offset by increases in the Television reporting segment. For the six month period ended February 28, 2015, expenses of $265.6 million were comparable with the prior year, with higher costs in the Television reporting segment, offset by decreases in the Corporate reporting segment. Further analysis of expenses is provided in the discussions of segmented results.

Depreciation and amortization

Depreciation and amortization expense for the second quarter of fiscal 2015 was $6.1 million, up 10% from $5.5 million in the prior year. For the six month period ended February 28, 2015, depreciation and amortization expense of $11.9 million was up 5% from $11.3 million in the prior year. The increase in the quarter and year-to-date is a result of higher amortization on intangible assets, specifically software.

Interest expense

Interest expense of $12.7 million in the second quarter of fiscal 2015 was comparable to the prior year. Interest expense of $25.4 million for the six month period ended February 28, 2015 was $3.5 million higher than the prior year. This resulted from increased bank debt to finance business acquisitions made in the prior year, offset by lower imputed interest on long-term liabilities and lower average interest rates on outstanding bank debt. The effective interest rate on bank loans and notes for the three and six month periods ended February 28, 2015 was 4.1%, compared to 4.2% and 4.4%, respectively, last year.

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

Broadcast license and goodwill impairment

Broadcast licenses and goodwill are tested for impairment annually as at August 31 or more frequently if events or changes in circumstances indicate that they may be impaired. For the second quarter, certain radio clusters had actual results and revised cash flow projections that fell short of previous estimates, which indicated that interim broadcast license and goodwill impairment testing was required in the radio segment. As a result of these tests, the Company recorded broadcast license impairment charges of $23.0 million and a goodwill impairment charge of $107.0 million in the second quarter of fiscal 2015 (refer to note 8 of the interim condensed consolidated financial statements for further details). In the second quarter of fiscal 2014 the Company recorded a broadcast license impairment charge of $8.0 million.

Gain on acquisition

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

Business acquisition, integration and restructuring costs

For the three months ended February 28, 2015, the Company incurred $8.0 million of business integration and restructuring costs compared to $18.7 million last year. The current year costs related primarily to severance and employee related costs in the Radio and Corporate segments. In the second quarter of fiscal 2014, the business acquisition, integration and restructuring costs of $18.7 million included $6.8 million in restructuring costs and charges of $11.9 million related to the present value of the CRTC tangible benefit obligation related to business acquisitions.

For the six months ended February 28, 2015, the Company incurred $8.0 million of business acquisition, integration and restructuring costs compared to $40.7 million last year. The prior year included

$8.8 million in restructuring costs and $31.9 million related to the present value of the CRTC tangible benefit obligations.

Other (income) expense, net

Other income for the three and six months ended February 28, 2015 was $15.9 million and $14.1 million, respectively, compared to income of $1.0 million and expense of $8.7 million, respectively, in the prior year. During the quarter, the Company received cash proceeds of $18.5 million from Steamboat Ventures relating to its disposal of an investment, of which $1.5 million relates to a return on capital, resulting in a gain of $17.0 million.

Income tax expense

The effective tax rate for the six months ended February 28, 2015 was a negative 298.5% compared to the Company's 26.6% statutory rate. This lower effective tax rate is primarily the result of the $107.0 million goodwill impairment charge recorded in the quarter, which is not a tax-deductible expense.

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

Net loss attributable to shareholders for the second quarter of fiscal 2015 was $86.8 million ($1.01 per share), as compared to net income attributable to shareholders of $6.1 million ($0.07 per share) last year. Net loss attributable to shareholders for the current quarter includes radio broadcast license and goodwill impairment charges of $130.0 million ($1.44 per share), business acquisition, integration and restructuring costs of $8.0 million ($0.07 per share), offset by a gain on disposition of investment of $17.0 million ($0.17 per share). Removing the impact of these items results in an adjusted net income attributable to shareholders of $28.5 million ($0.33 per share basic) in the quarter. Net income attributable to shareholders for the prior year quarter includes 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 a decrease in the purchase price obligation of $2.1 million ($0.02 per share). Removing the impact of these items results in an adjusted net income attributable to shareholders of $26.8 million ($0.32 per share basic) in the prior year quarter.

Net loss attributable to shareholders for the six months ended February 28, 2015 was $34.9 million ($0.41 per share), as compared to earnings of $157.0 million ($1.85 per share) last year. Net loss attributable to shareholders for the fiscal 2015 year-to-date includes radio broadcast license and goodwill impairment charges of $130.0 million ($1.44 per share), business acquisition, integration and restructuring costs of $8.0 million ($0.07 per share), offset by a gain on disposition of investment of $17.0 million ($0.17 per share). Removing the impact of these items results in an adjusted net income attributable to shareholders of $80.4 million ($0.93 per share basic) for the current year-to-date. Net income attributable to shareholders for the prior year includes a non-cash gain of $127.9 million ($1.51 per share) resulting from the remeasurement to fair value of Corus' 50% interest in TELETOON which was held prior to consolidation on September 1, 2013, radio broadcast license impairment charges of $8.0 million ($0.07 per share), business acquisition, integration and restructuring costs of $40.7 million ($0.46 per share), an increase in the purchase price obligation of $5.3 million ($0.06 per share), and investment impairment related charges of $3.3 million ($0.04 per share). Removing the impact of these items results in an adjusted net income attributable to shareholders of $82.0 million ($0.97 per share) in the prior year.

The weighted average number of basic shares outstanding for the three and six months ended February 28, 2015, was 86,194,000 and 86,053,000, respectively, and has increased in the current year due to the issuance and exercise of stock options and the issuance of shares from treasury under the Company's dividend reinvestment plan.

Other comprehensive income (loss), net of tax

Other comprehensive income for the year-to-date was $3.1 million, compared to income of $2.2 million in the prior year. This increase of $0.9 million resulted primarily from higher unrealized gains from foreign currency translation adjustments, offset by higher unrealized losses from hedges and available-for-sale investments 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), Telelatino (TLN, EuroWorld Sport, Mediaset Italia, Sky TG24, Teleniños, Univision (Canada), Telebimbi, CineLatino), and CosmopolitanTV.

Financial Highlights

	Three months ended February 28,		Six months ended February 28,	
(thousands of Canadian dollars)	**2015**	2014	**2015**	2014
Revenues	**155,175**	152,101	**336,665**	330,050
Expenses	**95,475**	94,067	**193,186**	189,492
Segment profit [(1)]	**59,700**	58,034	**143,479**	140,558

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

Revenues increased 2% in the second quarter of fiscal 2015 as a result of a 32% increase in merchandising, distribution and other revenues, a 2% increase in subscriber revenues, offset by a 7% decline in specialty advertising revenues. The strong growth in merchandising, distribution and other revenues reflects increased Nelvana studio service work and higher international licensing revenues from the Nelvana library, while the increase in subscriber revenues was largely due to the current year's results including one extra month of Historia and Séries+ ("H&S"), which was acquired on January 1, 2014. Specialty advertising revenues across all verticals were impacted by general softness in advertising demand, particularly in the early part of the quarter. Ratings across most networks continue to be strong, particularly in our Women and Family vertical and the French language networks. Year-to-date specialty advertising revenues were down 2%, subscriber revenues were up 5% and merchandising, distribution and other revenues were up 7%.

Total expenses in the second quarter of fiscal 2015 increased by 1% compared to the prior year. Direct cost of sales (which includes amortization of program rights and film investments, and other cost of sales) were higher by 6%, primarily as a result of incremental program rights amortization costs from the H&S acquisition acquired January 1, 2014, increased investments in new programming to drive ratings and revenue, and incremental costs of sales related to the increase in service work revenues. General and administrative expenses decreased 6% from the prior year as a result of synergies from the TELETOON and H&S acquisitions and a continued focus on cost control. Year-to-date total expenses are up 2% from the prior year, with direct cost of sales up 6% and general and administrative expenses down 6%.

Segment profit increased 3% in the second quarter of fiscal 2015 and 2% year-to-date. Segment profit margin for the quarter and year-to-date were both consistent with the prior year at 38% and 43%, respectively.

Radio

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

Financial Highlights

	Three months ended		Six months ended	
	February 28,		**February 28,**	
(thousands of Canadian dollars)	**2015**	2014	**2015**	2014
Revenues	**36,309**	39,312	**81,930**	87,368
Expenses	**30,082**	30,842	**62,883**	63,061
Segment profit[1]	**6,227**	8,470	**19,047**	24,307

[1] As defined in the "Key Performance Indicators" section

Revenues decreased 8% in the second quarter of fiscal 2015 and 6% year-to-date. The decrease compared to the prior year was primarily due to soft ratings and advertising challenges in certain key large market radio stations which offset the inclusion of incremental revenues from the Ottawa radio stations, acquired January 31, 2014, and revenue growth in several radio clusters in Ontario. Based on Numeris (formerly BBM) data released subsequent to the quarter, the recent repositioning of key large market Radio stations continues to translate into improved ratings, particularly in Vancouver, and to some extent, Toronto.

Direct cost of sales, general and administrative expenses in the second quarter of fiscal 2015 decreased by 2% compared to the prior year and were flat year-to-date. Variable expenses for the quarter and year-to-date decreased by 8%, driven mainly by lower costs that are directly correlated to revenue and lower commissions as a result of the recent sales force realignment. Fixed costs, which represent a much higher proportion of the cost structure, were flat in the quarter and increased 3% year-to-date. The year-over-year increase was driven mainly by incremental costs from the Ottawa radio stations that were acquired January 31, 2014, and higher programming research costs, offset by lower employee-related travel and entertainment costs.

Segment profit decreased 26% in the second quarter of fiscal 2015 and 22% year-to-date. Segment profit margin decreased from 22% in the prior year to 17% this quarter and decreased from 28% to 23% on a year-to-date basis, as a result of the revenue softness and the investment in our Ottawa radio stations.

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

Corporate

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

Financial Highlights

(thousands of Canadian dollars)	Three months ended February 28, 2015	2014	Six months ended February 28, 2015	2014
Share-based compensation	**1,405**	2,688	**2,303**	4,709
Other general and administrative costs	**4,803**	4,534	**7,228**	8,598
	6,208	7,222	**9,531**	13,307

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 second quarter and year-to-date share-based compensation reflects a decrease in the number of units that achieved vesting targets and a lower share price compared to the prior year.

Other general and administrative costs have increased slightly in the second quarter of fiscal 2015, primarily as a result of the timing of certain expenses. On a year-to-date basis, other general and administrative costs were down, primarily due to lower costs related to performance incentive plans, timing of certain expenses and a focus on cost control.

QUARTERLY CONSOLIDATED FINANCIAL INFORMATION

Seasonal fluctuations

As discussed in Management's Discussion and Analysis for the year ended August 31, 2014, Corus' operating results are subject to seasonal fluctuations that can significantly impact quarter-to-quarter operating results. 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 February 28, 2015. In Management's opinion, these unaudited consolidated financial statements have been prepared on a basis consistent with the audited consolidated financial statements in the Company's Annual Report for the year ended August 31, 2014.

[thousands of Canadian dollars, except per share amounts]

	Revenues	Segment profit[1]	Net income (loss) attributable to shareholders	Adjusted net income attributable to shareholders	Earnings (losses) per share Basic	Diluted	Adjusted
2015							
2nd quarter	**191,484**	**59,719**	**(86,786)**	**28,499**	**$ (1.01)**	**$ (1.01)**	**$ 0.33**
1st quarter	227,111	93,276	51,906	51,906	$ 0.60	$ 0.60	$ 0.60
2014							
4th quarter	201,557	58,349	23,727	26,785	$ 0.28	$ 0.28	$ 0.31
3rd quarter	214,041	79,731	(30,325)	41,602	$ (0.36)	$ (0.36)	$ 0.49
2nd quarter	191,413	59,282	6,116	26,780	$ 0.07	$ 0.07	$ 0.32
1st quarter	226,005	92,276	150,891	55,177	$ 1.78	$ 1.78	$ 0.65
2013							
4th quarter	181,897	50,931	11,879	25,816	$ 0.14	$ 0.14	$ 0.31
3rd quarter	187,073	64,564	89,913	34,519	$ 1.07	$ 1.07	$ 0.41

[1]As defined in "Key Performance Indicators"

Significant items causing variations in quarterly results

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

Risks and Uncertainties

There have been no material changes in any risks or uncertainties facing the Company since the year ended August 31, 2014.

Outlook

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

At its annual Investor Day on November 20, 2014, the Company confirmed its previously announced fiscal 2015 guidance of $300 million to $320 million in consolidated segment profit and free cash flow in excess of $180 million. The low end of the segment profit guidance assumed a proforma starting point of $300 million based on actual fiscal 2014 results of $290 million, plus an extra four months of earnings from Historia and Séries+, an extra five months of earnings from Ottawa Radio and no organic growth. At that time, we were anticipating that with the start of a new calendar year 2015, advertising demand, particularly in the Consumer Packaged Goods category, would recover to historical pacing in television and stabilize in our radio business. Unfortunately, in the second quarter of fiscal 2015 we were met with further economic headwinds that negatively impacted advertising market confidence including a further 8% decline in the Canadian dollar since January 1, 2015, a surprise interest rate cut, a continued plunge in oil prices and the closure of large retail stores such as Target Canada, with implications for the retail and consumer products sectors.

If we assume no growth in the back half of the year based on a continued weak macroeconomic climate and factor in our softer than anticipated results in the first half of the year, we will not achieve the low end of our segment profit guidance. To achieve our original segment profit guidance of $300 million, we would need to outpace last year by 6.5% in the remaining six months of the year and under current economic conditions, we do not believe that this is likely. However, our free cash flow guidance of $180 million plus remains unchanged; mainly due to anticipated lower cash spend on program rights, film investments and capital expenditures.

In summary, the Company does not expect to achieve the low end of the segment profit guidance for the fiscal year; however, free cash flow guidance remains unchanged.

To view the Investor Day presentation, please visit the Company's website at www.corusent.com.

FINANCIAL POSITION

Total assets at February 28, 2015 and August 31, 2014 were $2.7 billion and $2.8 billion, respectively. The following discussion describes the significant changes in the consolidated statements of financial position since August 31, 2014.

Current assets at February 28, 2015 were $244.2 million, up $26.8 million from August 31, 2014. Cash and cash equivalents increased by $26.6 million. Refer to the discussion of cash flows in the next section.

Accounts receivable increased $9.8 million from year-end. The accounts receivable balance is subject to seasonal trends. Typically the balance is higher in the first and third quarters and lower in the second quarter as a result of the broadcast revenue cycle. The Company carefully monitors the aging of its accounts receivable.

Tax credits receivable increased $3.0 million as a result of tax credit accruals exceeding receipts related to film and interactive productions.

Intangibles, investments and other assets increased $12.6 million, primarily as a result of increases in investments offset by equity losses from associates and amortization of intangibles.

Property, plant and equipment decreased $2.3 million, as a result of depreciation expense exceeding additions for the first six months of fiscal 2015.

Program and film rights increased $1.9 million from year-end, as additions of acquired rights of $109.6 million were offset by amortization of $107.7 million during the first six months of fiscal 2015.

Film investments decreased $1.0 million, as film spending (net of tax credit accruals) of $12.6 million was offset by film amortization of $13.6 million.

Broadcast licenses decreased $23.0 million, while goodwill decreased $107.0 million from August 31, 2014 balances as a result of impairment charges related to the Radio segment.

Accounts payable and accrued liabilities increased $17.1 million from year-end, primarily as a result of higher current program rights payable and short-term portion of stock-based compensation, offset by reductions in accrued liabilities, principally with respect to accruals for performance incentive plans and third-party participation.

Provisions have increased $3.0 million as a result of accruals made relating to the retirement of the Company's CEO and relating to Radio, offset by payments relating to work-force reduction and business initiatives taken in fiscal 2014.

Long-term debt at February 28, 2015 was $864.7 million, down $9.5 million as a result of the Company's payments on credit facilities.

Other long-term liabilities decreased by $33.7 million from year-end, primarily from decreases in long-term program rights payable, public benefits associated with acquisitions, merchandising and intangibles liabilities, and long-term employee obligations as a result of changes in senior management.

Share capital increased $17.1 million, as the issuance of shares from treasury under the Company's dividend reinvestment plan and issuance of stock options added $11.3 million and $5.8 million, respectively, to share capital.

Contributed surplus increased $0.5 million due to share-based compensation expense of $1.4 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 increased by $26.6 million over the six months ended February 28, 2015. Free cash flow for the six months ended February 28, 2015 was $92.6 million, compared to free cash flow of $123.0 million in the prior year. This decrease in free cash flow primarily reflects higher cash usage for working capital, capital additions, program rights and film investments, offset by cash proceeds from disposition of an investment. A reconciliation of free cash flow to the consolidated statements of cash flows is provided in the Key Performance Indicators section.

Cash provided by operating activities in the six months ended February 28, 2015 was $87.7 million, compared to $127.8 million last year. The decrease of $40.1 million arises from higher additions to program rights of $35.8 million, film investments of $5.7 million and higher cash outflows from working capital of $7.7 million, offset by increased net income from operations before adjustments of $9.1 million.

Cash used in investing activities in the six months ended February 28, 2015 was $12.1 million, compared to $500.9 million in the prior year. The prior year includes cash outflows of $491.4 million for business acquisitions in the prior year. The current year includes cash proceeds from disposition of an investment of $18.5 million, offset by net cash outflows for intangibles, investments and other assets of $17.6 million, additions to property, plant and equipment of $7.8 million and CRTC benefits payments of $5.2 million.

Cash used in financing activities in the six months ended February 28, 2015 was $48.9 million, compared to cash provided by financing activities of $334.2 million in the prior year. In the current year, the Company paid down bank debt by $9.9 million, paid dividends of $40.5 million, made capital lease payments of $2.7 million and received $4.8 million from issuance of shares under the stock option plan. In the prior year, the Company incurred $373.1 million in bank loans to finance the business acquisitions, paid dividends of $37.9 million, made capital lease payments of $1.2 million and received $0.9 million from issuance of shares under the stock option plan.

Liquidity

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

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

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

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

As at February 28, 2015, the Company had available approximately $325.0 million under the revolving term credit facility and was in compliance with all loan covenants. As at February 28, 2015, the Company had a cash balance of $38.2 million and a positive working capital balance. 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 February 28, 2015, net debt was $826.5 million, down from $862.7 million at August 31, 2014. Net debt to segment profit at February 28, 2015 was 2.8 times compared to 3.0 times at August 31, 2014. Segment profit for the net debt to segment profit calculation reflects aggregate amounts as reported by the Company for the most recent four quarters. Further discussion on this is contained in the Key Performance Indicators section.

Total capitalization

At February 28, 2015, total capitalization was $2,072.0 million, a decrease of $100.8 million from August 31, 2015. The decrease results from lower net income and debt levels.

Off-Balance Sheet arrangements and derivative financial instruments

During the second quarter of fiscal 2014, the Company entered into a Canadian interest rate swap agreement to fix the interest rate on its outstanding term loan facility. The counterparties of the swap agreements are highly rated financial institutions and the Company did not anticipate any non-performance. The fair value or future cash flows of interest rate swap derivatives increase (decrease) with fluctuations in market interest rates. The estimated fair value of these agreements at February 28, 2015 is $0.7 million, which has been recorded in the Interim Condensed Consolidated Statements of Financial Position as a liability.

Contractual commitments

The Company has added no other significant unfulfilled contractual obligations in the second quarter of fiscal 2015.

Outstanding Share Data

As at March 31, 2015, 3,427,792 Class A Voting Shares and 83,261,127 Class B Non-Voting Shares were issued and outstanding.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company’s internal control over financial reporting that occurred in the six months ended February 28, 2015 that have materially affected, or are likely to materially affect, the Company’s internal control over financial reporting.

KEY PERFORMANCE INDICATORS

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

In particular, segment profit is calculated as revenues less direct cost of sales, general and administrative expenses as reported in the Company's consolidated statements of income and retained earnings. Segment profit may be calculated and presented for an individual operating segment, or for the consolidated Company. The Company believes this is an important measure as it allows the Company to evaluate the operating performance of its business segments and its ability to service and/or incur debt; therefore, it is calculated before (i) non-cash expenses such as depreciation and amortization; (ii) interest expense; and (iii) items not indicative of the Company's core operating results, and not used in management's evaluation of the business segment's performance, such as: goodwill and broadcast license impairment; debt refinancing; non-cash gains or losses and certain other income and expenses (note 13 to the interim consolidated financial statements). Segment profit is also one of the measures used by the investing community to value the Company and is included in note 15 to the condensed interim consolidated financial statements. Segment profit does not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS") and is not necessarily comparable to similar measures presented by other companies.

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

Free cash flow

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

	Three months ended February 28,		Six months ended February 28,	
[thousands of Canadian dollars]	**2015**	2014	**2015**	2014
Cash provided by (used in):				
Operating activities	**50,783**	75,768	**87,670**	127,751
Investing activities	**6,397**	(497,007)	**(12,098)**	(500,917)
	57,180	(421,239)	**75,572**	(373,166)
Add back: cash used for business combinations and strategic investments(1)	**2,062**	494,644	**17,052**	496,207
Free cash flow	**59,242**	73,405	**92,624**	123,041

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

Adjusted net income and adjusted basic earnings per share

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

Adjusted net income and adjusted basic earnings per share reconciliation

	Three months ended		Six months ended	
	February 28,		**February 28,**	
(thousands of Canadian dollars, except per share amounts)	**2015**	2014	**2015**	2014
Net income (loss) attributable to shareholders	**(86,786)**	6,116	**(34,880)**	157,007
Adjustments, net of tax:				
Gain on remeasurement to fair value of original 50% of TELETOON	—	—	—	(127,884)
Broadcast license and goodwill impairment charges	**123,984**	5,923	**123,984**	5,923
(Decrease) increase in purchase price obligation	—	(2,056)	—	5,288
Impact of business acquisition, integration and restructuring costs	**6,017**	16,797	**6,017**	38,371
Impact of investment impairment charges	—	—	—	3,252
Gain from disposition of investment	**(14,716)**	—	**(14,716)**	—
Adjusted net income attributable to shareholders	**28,499**	26,780	**80,405**	81,957
Basic earnings (losses) per share	**($1.01)**	$0.07	**($0.41)**	$1.85
Adjustments, net of tax:				
Gain on remeasurement to fair value of original 50% of TELETOON	—	—	—	(1.51)
Broadcast license and goodwill impairment charges	1.44	0.07	1.44	0.07
(Decrease) increase in purchase price obligation	—	(0.02)	—	0.06
Impact of business acquisition, integration and restructuring costs	0.07	0.20	0.07	0.46
Impact of investment impairment charges	—	—	—	0.04
Gain from disposition of investment	(0.17)	—	(0.17)	—
Adjusted basic earnings per share	**$0.33**	$0.32	**$0.93**	$0.97

Net Debt and Net Debt to Segment Profit

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 to segment profit is an important measure of the Company's liquidity. Net debt and net debt to segment profit do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other companies.

(thousands of Canadian dollars)	**As at February 28, 2015**	As at August 31, 2014
Long-term debt	**864,715**	874,251
Cash and cash equivalents	**(38,213)**	(11,585)
Net debt	**826,502**	862,666

(thousands of Canadian dollars)	**As at February 28, 2015**	As at August 31, 2014
Net debt (numerator)	**826,502**	862,666
Segment profit (denominator)[1]	**291,075**	289,638
Net debt to segment profit	**2.8**	3.0

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

IMPACT OF NEW ACCOUNTING POLICIES

The International Accounting Standards Board ("IASB") continues to issue new and revised IFRS. A listing of the recent accounting pronouncements promulgated by the IASB and not yet adopted by Corus is included in note 3 in Corus' August 31, 2014 consolidated financial statements and note 3 in Corus' February 28, 2015 interim condensed consolidated financial statements.

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

[unaudited - in thousands of Canadian dollars]	**As at February 28, 2015**	As at August 31, 2014
ASSETS		
Current		
Cash and cash equivalents	**38,213**	11,585
Accounts receivable	**192,810**	183,009
Income taxes recoverable	**1,094**	9,768
Prepaid expenses and other	**12,103**	13,032
Total current assets	**244,220**	217,394
Tax credits receivable	**32,071**	29,044
Intangibles, investments and other assets (note 4)	**60,278**	47,630
Property, plant and equipment	**141,314**	143,618
Program and film rights (note 5)	**332,333**	330,437
Film investments (note 6)	**62,416**	63,455
Broadcast licenses (notes 7 and 8)	**956,984**	979,984
Goodwill (notes 7 and 8)	**827,859**	934,859
Deferred tax assets	**39,005**	38,161
	2,696,480	2,784,582
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**187,519**	170,411
Provisions	**8,358**	5,314
Total current liabilities	**195,877**	175,725
Long-term debt (note 9)	**864,715**	874,251
Other long-term liabilities	**138,093**	171,793
Deferred tax liabilities	**252,290**	252,687
Total liabilities	**1,450,975**	1,474,456
SHAREHOLDERS' EQUITY		
Share capital (note 10)	**984,458**	967,330
Contributed surplus	**8,906**	8,385
Retained earnings	**230,368**	313,361
Accumulated other comprehensive income	**6,840**	3,767
Total equity attributable to shareholders	**1,230,572**	1,292,843
Equity attributable to non-controlling interest	**14,933**	17,283
Total shareholders' equity	**1,245,505**	1,310,126
	2,696,480	2,784,582

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

[unaudited - in thousands of Canadian dollars except per share amounts]	Three months ended February 28, **2015**	2014	Six months ended February 28, **2015**	2014
Revenues	**191,484**	191,413	**418,595**	417,418
Direct cost of sales, general and administrative expenses (note 11)	**131,765**	132,131	**265,600**	265,860
Depreciation and amortization	**6,089**	5,533	**11,863**	11,268
Interest expense (note 12)	**12,746**	12,604	**25,427**	21,874
Broadcast license and goodwill impairment (notes 7 and 8)	**130,000**	8,000	**130,000**	8,000
Business acquisition, integration and restructuring costs	**8,002**	18,734	**8,002**	40,656
Gain on acquisition	**—**	—	**—**	(127,884)
Other expense (income), net (note 13)	**(15,902)**	(1,006)	**(14,096)**	8,705
Income (loss) before income taxes	**(81,216)**	15,417	**(8,201)**	188,939
Income tax expense (note 14)	**4,643**	8,353	**24,476**	29,533
Net income (loss) for the period	**(85,859)**	7,064	**(32,677)**	159,406
Net income (loss) attributable to:				
Shareholders	**(86,786)**	6,116	**(34,880)**	157,007
Non-controlling interest	**927**	948	**2,203**	2,399
	(85,859)	7,064	**(32,677)**	159,406
Earnings (losses) per share attributable to shareholders:				
Basic	**$ (1.01)**	$ 0.07	**$ (0.41)**	$ 1.85
Diluted	**$ (1.01)**	$ 0.07	**$ (0.41)**	$ 1.85
Net income (loss) for the period	**(85,859)**	7,064	**(32,677)**	159,406
Other comprehensive income (loss), net of tax:				
Items that may be reclassified subsequently to income:				
Unrealized foreign currency translation adjustment	**2,437**	1,891	**3,667**	2,266
Unrealized change in fair value of available-for-sale investments	**170**	(12)	**(140)**	62
Unrealized change in fair value of cash flow hedges	**(416)**	(146)	**(454)**	(146)
	2,191	1,733	**3,073**	2,182
Comprehensive income (loss) for the period	**(83,668)**	8,797	**(29,604)**	161,588
Comprehensive income (loss) attributable to:				
Shareholders	**(84,595)**	7,849	**(31,807)**	159,189
Non-controlling interest	**927**	948	**2,203**	2,399
	(83,668)	8,797	**(29,604)**	161,588

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

[unaudited - in thousands of Canadian dollars]	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total equity attributable to shareholders	Non-controlling interest	Total equity
At August 31, 2014	967,330	8,385	313,361	3,767	1,292,843	17,283	1,310,126
Comprehensive income (loss)	—	—	(34,880)	3,073	(31,807)	2,203	(29,604)
Dividends declared	—	—	(48,113)	—	(48,113)	(4,553)	(52,666)
Issuance of shares under stock option plan	5,781	(945)	—	—	4,836	—	4,836
Issuance of shares under dividend reinvestment plan	11,347	—	—	—	11,347	—	11,347
Share-based compensation expense	—	1,466	—	—	1,466	—	1,466
At February 28, 2015	**984,458**	**8,906**	**230,368**	**6,840**	**1,230,572**	**14,933**	**1,245,505**
At August 31, 2013	937,183	7,221	256,517	1,653	1,202,574	18,259	1,220,833
Comprehensive income	—	—	157,007	2,182	159,189	2,399	161,588
Dividends declared	—	—	(44,763)	—	(44,763)	(6,001)	(50,764)
Issuance of shares under stock option plan	1,063	(170)	—	—	893	—	893
Issuance of shares under dividend reinvestment plan	11,745	—	—	—	11,745	—	11,745
Share-based compensation expense	—	961	—	—	961	—	961
At February 28, 2014	949,991	8,012	368,761	3,835	1,330,599	14,657	1,345,256

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

[unaudited - in thousands of Canadian dollars]	Three months ended **February 28,** **2015**	2014	Six months ended **February 28,** **2015**	2014
OPERATING ACTIVITIES				
Net income (loss) for the period	**(85,859)**	7,064	**(32,677)**	159,406
Adjustments to reconcile net income (loss) to cash provided by operating activities:				
Depreciation and amortization	**6,089**	5,533	**11,863**	11,268
Broadcast license and goodwill impairment	**130,000**	8,000	**130,000**	8,000
Amortization of program and film rights	**53,366**	51,613	**107,703**	102,144
Amortization of film investments	**6,692**	5,143	**13,613**	9,055
Deferred income taxes	**(3,864)**	2,566	**(1,017)**	5,021
Increase (decrease) in purchase price obligation	**—**	(2,056)	**—**	5,288
Share-based compensation expense	**937**	504	**1,466**	961
Imputed interest	**3,481**	4,109	**6,977**	7,145
Tangible benefit obligation	**—**	11,892	**—**	31,915
Gain on disposition of investment	**(16,964)**	—	**(16,964)**	—
Gain on acquisition	**—**	—	**—**	(127,884)
Other	**1,406**	160	**1,888**	1,415
Net change in non-cash working capital balances related to operations	**11,594**	11,570	**(14,855)**	(7,189)
Payment of program and film rights	**(46,064)**	(32,587)	**(96,481)**	(60,678)
Net additions to film investments	**(10,031)**	(4,150)	**(23,846)**	(18,116)
Decrease in restricted cash	**—**	6,407	**—**	—
Cash provided by operating activities	**50,783**	75,768	**87,670**	127,751
INVESTING ACTIVITIES				
Additions to property, plant and equipment	**(4,931)**	(2,344)	**(7,754)**	(4,280)
Business combinations	**—**	(491,441)	**—**	(491,441)
Proceeds from disposition of investment	**18,490**	—	**18,490**	—
Net cash flows for intangibles, investments and other assets	**(2,425)**	(3,167)	**(17,586)**	(5,074)
Other	**(4,737)**	(55)	**(5,248)**	(122)
Cash provided by (used in) investing activities	**6,397**	(497,007)	**(12,098)**	(500,917)
FINANCING ACTIVITIES				
Increase (decrease) in bank loans	**(29,688)**	373,065	**(9,897)**	373,065
Financing fees	**(750)**	(587)	**(750)**	(587)
Issuance of shares under stock option plan	**3,417**	757	**4,836**	893
Dividends paid	**(17,982)**	(16,238)	**(35,901)**	(31,936)
Dividends paid to non-controlling interest	**(419)**	(1,933)	**(4,553)**	(6,001)
Other	**(1,385)**	(584)	**(2,679)**	(1,249)
Cash provided by (used in) financing activities	**(46,807)**	354,480	**(48,944)**	334,185
Net change in cash and cash equivalents during the period	**10,373**	(66,759)	**26,628**	(38,981)
Cash and cash equivalents, beginning of the period	**27,840**	109,044	**11,585**	81,266
Cash and cash equivalents, end of the period	**38,213**	42,285	**38,213**	42,285

Supplemental cash flow disclosures (note 16)
See accompanying notes

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

2. STATEMENT OF COMPLIANCE

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

These interim condensed consolidated statements of the Company for the three and six months ended February 28, 2015 were authorized for issue by the Company's Audit Committee on April 8, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Changes in accounting policies

IAS 36 – *Impairment of Assets*

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

IFRIC 21 – *Levies*

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

Pending accounting changes

IFRS 9 – *Financial Instruments: Classification and Measurement*

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

IFRS 15 – *Revenue from Contracts with Customers*

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

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

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

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

4. INTANGIBLES, INVESTMENTS AND OTHER ASSETS

	Intangibles	Investments in associates	Other assets	Total
Balance - August 31, 2014	16,983	8,587	22,060	47,630
Increase in investment	2,935	9,231	4,258	16,424
Amortization of intangibles	(3,542)	—	—	(3,542)
Fair value adjustment	—	—	(234)	(234)
Balance - February 28, 2015	**16,376**	**17,818**	**26,084**	**60,278**

5. PROGRAM AND FILM RIGHTS

Balance - August 31, 2014	330,437
Net additions	109,599
Amortization	(107,703)
Balance - February 28, 2015	**332,333**

6. FILM INVESTMENTS

Balance - August 31, 2014	63,455
Net additions	12,574
Amortization	(13,613)
Balance - February 28, 2015	**62,416**

7. BROADCAST LICENSES AND GOODWILL

Broadcast licenses and goodwill are tested for impairment annually as at August 31 or more frequently if events or changes in circumstances indicate that they may be impaired. During the second quarter of fiscal 2015, the Company concluded that an interim test for the Radio segment and broadcast license impairment test for certain Cash Generating Units ("CGUs") in Radio were required. As a result of these tests, the Company recorded broadcast license and goodwill impairment charges of $130,000 in the second quarter of fiscal 2015, as certain radio clusters had actual results that fell short of previous estimates and the outlook for these markets is less robust.

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

The changes in the book value of goodwill for the period ended February 28, 2015, were as follows:

	Total
Balance - August 31, 2014	934,859
Impairments (note 8)	(107,000)
Balance - February 28, 2015	**827,859**

The changes in the book value of broadcast licenses for the period ended February 28, 2015, were as follows:

	Total
Balance - August 31, 2014	979,984
Impairments (note 8)	(23,000)
Balance - February 28, 2015	**956,984**

8. IMPAIRMENT TESTING

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

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

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

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

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

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

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

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

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

	February 28, 2015
For the Radio segment and CGUs VIU calculations in the period:	
Pre-tax discount rate	13% - 16%
Earnings growth rate	0.3% - 2.0%
Terminal growth rate	2%

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

The recoverable amount for the Radio segment group of CGU's overall goodwill impairment test was based on VIU. In the second quarter, the Company recognized an impairment charge of $107.0 million, based on the conclusions stated in the preceding paragraph. The recoverable amount and carrying value of the Radio segment group of CGUs after the impairment charge is $246.6 million.

Sensitivity to changes in assumptions

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

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

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

	February 28, 2015	August 31, 2014
Goodwill		
Television	**760,760**	760,760
Radio	**67,099**	174,099
	827,859	934,859

	February 28, 2015	August 31, 2014
Broadcast licenses		
Television		
Managed brands	**825,000**	825,000
Other	**7,424**	7,424
Radio [1]	**124,560**	147,560
	956,984	979,984

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

9. LONG-TERM DEBT

	February 28, 2015	August 31, 2014
Bank loans	**323,729**	333,677
Senior unsecured guaranteed notes	**550,000**	550,000
Unamortized financing fees	**(9,014)**	(9,426)
	864,715	874,251

Interest rates on the balance of the bank loans fluctuate with Canadian bankers' acceptances and/or LIBOR. As at February 28, 2015, the weighted average interest rate on the outstanding bank loans and Notes was 3.9% (2014 – 4.0%). Interest on the bank loans and Notes averaged 4.1% for the second quarter and year-to-date of fiscal 2015 (2014 – 4.2% and 4.4%).

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 February 28, 2015.

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

10. SHARE CAPITAL

Authorized

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

Issued and outstanding

	Class A Voting Shares		Class B Non-Voting Shares		Total
	#	**$**	**#**	**$**	**$**
Balance - August 31, 2014	3,428,292	26,549	82,335,593	940,781	967,330
Conversion of Class A Voting Shares to Class B Non-Voting Shares	(500)	(5)	500	5	—
Issuance of shares under stock option plan	—	—	273,900	5,781	5,781
Issuance of shares under dividend reinvestment plan	—	—	519,816	11,347	11,347
Balance - February 28, 2015	**3,427,792**	**26,544**	**83,129,809**	**957,914**	**984,458**

Earnings (losses) per share

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

	Three months ended **February 28,**		Six months ended **February 28,**	
	2015	2014	**2015**	2014
Net income (loss) attributable to shareholders (numerator)	**(86,786)**	6,116	**(34,880)**	157,007
Weighted average number of shares outstanding (denominator)				
Weighted average number of shares outstanding – basic	**86,194**	84,825	**86,053**	84,692
Effect of dilutive securities	**13**	337	**50**	307
Weighted average number of shares outstanding – diluted	**86,207**	85,162	**86,103**	84,999

The calculation of diluted earnings (losses) per share for both the second quarter and year-to-date of fiscal 2015 excluded 1,764,700 and 1,146,102 (2014 – 9,876 and 4,910) weighted average Class B Non-Voting Shares issuable under the Company's Stock Option Plan because these options were not "in-the-money".

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

Share-based compensation

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

	February 28, 2015	August 31, 2014
Outstanding employee stock options	**2,976,273**	2,561,373
Exercisable employee stock options	**1,398,248**	1,197,823
Outstanding PSUs	**980,669**	954,464
Outstanding DSUs	**938,263**	861,302
Outstanding RSUs	**150,183**	142,313

Share-based compensation expense recorded for the second quarter and year-to-date fiscal 2015 in respect of these plans was $1,405 and $2,303 (2014 – $2,688 and $4,709). As at February 28, 2015, the carrying value of the PSU, DSU and RSU units was $24,758 (August 31, 2014 – $28,715).

Dividend reinvestment plan

In the year-to-date of fiscal 2015 the Company issued 519,816 Class B Non-Voting Shares, resulting in an increase in share capital of $11,347.

11. DIRECT COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended **February 28,**		Six months ended **February 28,**	
	2015	2014	**2015**	2014
Amortization of program rights	**53,366**	51,613	**107,703**	102,144
Amortization of film investments	**6,692**	5,143	**13,613**	9,055
Other cost of sales	**5,738**	5,467	**11,278**	13,656
Employee costs	**34,052**	37,220	**68,506**	74,011
Other general and administrative	**31,917**	32,688	**64,500**	66,994
	131,765	132,131	**265,600**	265,860

12. INTEREST EXPENSE

	Three months ended **February 28,**		Six months ended **February 28,**	
	2015	2014	**2015**	2014
Interest on long-term debt	**8,829**	8,169	**17,578**	13,949
Imputed interest on long-term liabilities	**3,481**	4,109	**6,977**	7,145
Other	**436**	326	**872**	780
	12,746	12,604	**25,427**	21,874

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

13. OTHER EXPENSE (INCOME), NET

	Three months ended		Six months ended	
	February 28,		**February 28,**	
	2015	2014	**2015**	2014
Interest income	**(21)**	(169)	**(32)**	(375)
Foreign exchange loss (gain)	**(3)**	666	**804**	632
Equity loss of investees	**1,180**	157	**1,655**	1,406
Gain on disposition of investment	**(16,964)**	—	**(16,964)**	—
Increase (decrease) in purchase price obligation	—	(2,056)	—	5,288
Other	**(94)**	396	**441**	1,754
	(15,902)	(1,006)	**(14,096)**	8,705

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

14. INCOME TAXES

The reconciliation of income taxes attributable to operations computed at the statutory rates to income tax expense for year-to-date is as follows:

	Six months ended February 28, 2015		Six months ended February 28, 2014	
	$	**%**	$	%
Tax at combined federal and provincial rates:	**(2,179)**	**26.6%**	50,039	26.5%
(Income)/loss subject to tax at less than statutory rates	**(59)**	**0.7%**	(113)	(0.1%)
Non-taxable portion of capital gains	**(2,291)**	**27.9%**	(33,869)	(17.9%)
Transaction costs	**265**	**(3.2%)**	10,139	5.4%
Goodwill impairment	**28,389**	**(346.2%)**	—	—
Increase (recovery) of various tax reserves	**(582)**	**7.1%**	2,316	1.2%
Miscellaneous differences	**933**	**(11.4%)**	1,021	0.5%
	24,476	**(298.5%)**	29,533	15.6%

15. 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.

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

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. Revenues are derived from advertising aired over these stations.

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

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

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

Revenues and segment profit

Three months ended February 28, 2015

	Television	**Radio**	**Corporate**	**Consolidated**
Revenues	**155,175**	**36,309**	**—**	**191,484**
Direct cost of sales, general and administrative expenses	**95,475**	**30,082**	**6,208**	**131,765**
Segment profit (loss)	**59,700**	**6,227**	**(6,208)**	**59,719**
Depreciation and amortization				**6,089**
Interest expense				**12,746**
Broadcast license and goodwill impairment				**130,000**
Business acquisition, integration and restructuring costs				**8,002**
Other expense (income), net				**(15,902)**
Loss before income taxes				**(81,216)**

Three months ended February 28, 2014

	Television	Radio	Corporate	Consolidated
Revenues	152,101	39,312	—	191,413
Direct cost of sales, general and administrative expenses	94,067	30,842	7,222	132,131
Segment profit (loss)	58,034	8,470	(7,222)	59,282
Depreciation and amortization				5,533
Interest expense				12,604
Broadcast license and goodwill impairment				8,000
Business acquisition, integration and restructuring costs				18,734
Other expense (income), net				(1,006)
Income before income taxes				15,417

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

Six months ended February 28, 2015

	Television	**Radio**	**Corporate**	**Consolidated**
Revenues	**336,665**	**81,930**	**—**	**418,595**
Direct cost of sales, general and administrative expenses	**193,186**	**62,883**	**9,531**	**265,600**
Segment profit (loss)	**143,479**	**19,047**	**(9,531)**	**152,995**
Depreciation and amortization				**11,863**
Interest expense				**25,427**
Broadcast license and goodwill impairment				**130,000**
Business acquisition, integration and restructuring costs				**8,002**
Other expense (income), net				**(14,096)**
Loss before income taxes				**(8,201)**

Six months ended February 28, 2014

	Television	Radio	Corporate	Consolidated
Revenues	330,050	87,368	—	417,418
Direct cost of sales, general and administrative expenses	189,492	63,061	13,307	265,860
Segment profit (loss)	140,558	24,307	(13,307)	151,558
Depreciation and amortization				11,268
Interest expense				21,874
Broadcast license and goodwill impairment				8,000
Gain on acquisition				(127,884)
Business acquisition, integration and restructuring costs				40,656
Other expense (income), net				8,705
Income before income taxes				188,939

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

Revenues are derived from the following areas:

	Three months ended **February 28,**		Six months ended **February 28,**	
	2015	2014	**2015**	2014
Advertising	**81,309**	87,870	**202,275**	211,242
Subscriber fees	**85,245**	83,562	**170,659**	162,677
Merchandising, distribution and other	**24,930**	19,981	**45,661**	43,499
	191,484	191,413	**418,595**	417,418

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

Segment assets and liabilities

	February 28, 2015	August 31, 2014
Assets		
Television	**2,224,823**	2,222,597
Radio	**258,991**	386,454
Corporate	**212,666**	175,531
	2,696,480	2,784,582
Liabilities		
Television	**425,724**	427,965
Radio	**69,212**	71,609
Corporate	**956,039**	974,882
	1,450,975	1,474,456

Assets and liabilities are located primarily within Canada.

16. CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Three months ended **February 28,**		Six months ended **February 28,**	
	2015	2014	**2015**	2014
Interest paid	**16,844**	14,594	**18,599**	15,011
Interest received	**21**	169	**32**	375
Income taxes paid	**10,320**	14,045	**11,236**	26,745

17. PURCHASE COMMITMENTS

Subsequent to February 28, 2015, the Company and Nickelodeon expanded their partnership with a new long-term agreement that grants Corus exclusive Canadian rights to all of Nickelodeon's English- and French-language content across digital platforms and linear services. Under the terms of the new licensing deal, Corus becomes the sole distributor and rights holder of Nickelodeon's current content and library titles in Canada. The annual commitments are based on minimum guarantees and variable payments.

18. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2015 consolidated financial statements.

Corus ENTERTAINMENT