CORUS ENTERTAINMENT

Third Quarter 2015
Report to Shareholders

For the Three and Nine Months Ended May 31, 2015
(Unaudited)

CORUS ENTERTAINMENT INC.
Third Quarter Report to Shareholders

TABLE OF CONTENTS

CORUS ENTERTAINMENT INC.
Third Quarter Report to Shareholders

Highlights

Financial Highlights

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

(in thousands of Canadian dollars except per share amounts)	Three months ended **May 31,** **2015**	2014	Nine months ended **May 31,** **2015**	2014
Revenues				
Television	**162,767**	170,565	**499,432**	500,615
Radio	**40,354**	43,476	**122,284**	130,844
	203,121	214,041	**621,716**	631,459
Segment profit(1)				
Television	**64,075**	75,679	**207,554**	216,237
Radio	**9,457**	11,678	**28,504**	35,985
Corporate	**(4,833)**	(7,626)	**(14,364)**	(20,933)
	68,699	79,731	**221,694**	231,289
Net income (loss) attributable to shareholders	**(8,109)**	(30,325)	**(42,989)**	126,682
Adjusted net income attributable to shareholders(1) (2)	**31,550**	41,602	**111,955**	123,560
Basic earnings (loss) per share	**$ (0.09)**	$ (0.36)	**$ (0.50)**	$ 1.49
Adjusted basic earnings per share(1) (2)	**$ 0.36**	$ 0.49	**$ 1.30**	$ 1.46
Diluted earnings (loss) per share	**$ (0.09)**	$ (0.36)	**$ (0.50)**	$ 1.49
Free cash flow(1)	**63,419**	59,399	**156,043**	182,440

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

(2) For the three months ended May 31, 2015, excludes intangible asset impairment charges of $51.8 million ($0.44 per share) and business acquisition, integration and restructuring charges of $2.7 million ($0.02 per share). For the nine months ended May 31, 2015, excludes radio broadcast license and goodwill impairment charges of $130.0 million ($1.44 per share), intangible asset impairment charges of $51.8 million ($0.44 per share), business acquisition, integration and restructuring charges of $10.7 million ($0.09 per share), offset by a gain on distribution of investment of $17.0 million ($0.17 per share). For the three months ended May 31, 2014, excludes radio broadcast license and goodwill impairment charges of $75.0 million ($0.85 per share), business acquisition, integration and restructuring costs of $0.6 million ($0.01 per share), capital asset impairment charges of $1.2 million ($0.01 per share) and a decrease in the purchase price obligation of $2.0 million ($0.02 per share). For the nine month period ended May 31, 2014, excludes the impact of $127.9 million ($1.51 per share) gain on remeasurement to fair value of the Company's 50% interest in TELETOON which was held prior to consolidation on September 1, 2013, radio broadcast license and goodwill impairment charges of $83.0 million ($0.92 per share), capital asset impairment charges of $1.2 million ($0.01 per share), business acquisition, integration and restructuring costs of $41.2 million ($0.47 per share), an increase in the purchase price obligation of $3.3 million ($0.04 per share), and investment impairment related charges of $3.3 million ($0.04 per share).

Significant Events in the Quarter

- On March 1, 2015, programming on 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 18, 2015, the Company's Nelvana subsidiary announced a global publishing deal with Scholastic for its hit animated preschool series *Little Charmers*. To date, Nelvana has lined up over 20 top-tier licensing deals covering a wide range of consumer products for the property.
- 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.
- On March 31, 2015, Mario Cecchini was appointed President, Corus Radio. With this appointment, Mario's responsibilities include oversight of the Corus Radio segment, in addition to Corus Média and Corus' conventional television stations in Eastern Ontario.
- On April 16, 2015, the Company announced a groundbreaking, long-term licensing agreement with the Disney/ABC Television Group. Under this expansive agreement, Corus secures Canadian English and French-language rights to Disney's world class content and becomes steward of the brand with the launch of Disney Channel in Canada on September 1, 2015. Additional Disney branded kids linear television offerings will roll out in the future as those brands and programming transition to Corus.
- On April 30, 2015, the Company paid a monthly dividend of $0.094583 and $0.095 per share to holders of its Class A and Class B Shares, respectively.
- On May 6, 2015, the Company, for the fifth year in a row, was named one of Canada's Top Employers for Young People for 2015. The award recognizes the nation's leaders who help new talent transition into the working world and provide career advancement opportunities.
- On May 7, 2015, the Company's founding President and CEO, John Cassaday, was inducted into the Canadian Broadcast Industry Hall of Fame at the 2015 Canadian Music & Broadcast Industry Awards gala. John enjoyed a distinguished 25 year career in the broadcast industry and piloted Corus to a leadership position in radio, specialty television and content creation in Canada.
- On May 8, 2015, Corus Radio was honoured with five Crystal Awards and two Canadian Music and Broadcast Industry Awards at this year's Canadian Music Week. These awards recognize the best in radio creative and innovation.

- On May 13, 2015, the Company and Kin Community announced multiple sponsorship and integration campaigns with its YouTube content creators. These campaigns provide sponsors with multi-platform reach and brand amplification across Corus' television and digital assets alongside the Kin Community channels.
- On May 15, 2015, the Company's Barrie radio station CHAY-FM re-launched as 93.1 Fresh Radio, bringing the total number of Corus' Fresh Radio stations to eight.
- On May 20, 2015, the Company's three eastern Ontario television channels entered into a program supply agreement with Bell Media to broadcast CTV programming. CHEX-TV in Peterborough, Channel 12 in Oshawa and CKWS-TV in Kingston will begin broadcasting news, sports, information and entertainment programming from CTV effective August 31, 2015.
- On May 29, 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 May 29, 2015, the Federal Court of Appeal dismissed an application for leave to appeal by the Canadian Media Production Association ("CPMA"). The CMPA had sought to set aside the decision of the Canadian Radio-Television and Telecommunications Commission ("CRTC") to remove the conditions of licensing requiring adherence to the Term of Trade agreement. The Court also awarded costs to the respondents, which included Corus.

Significant Events Subsequent to the Quarter

- On June 8, 2015, the Company announced that it has given the greenlight to Mainframe Entertainment to produce 26 half-hour episodes of *ReBoot: The Guardian Code.* The hybrid live-action/CG-animated series will be a reimagined version of the classic and first-of-its-kind CG-animated television series *ReBoot*.
- On June 9, 2015, the Company's Nelvana subsidiary announced that an array of industry-leading partners including Nickelodeon, Playmates Toys and the Topps Company have joined forces on the brand-new girls action series *Mysticons* which will make its global debut in 2017.
- On June 17, 2015, the Company's Corus Média subsidiary announced that its original programming received 17 Gémeaux nominations, including 13 nods for Séries+ *Le berceau des anges* and *Mon ex à moi.* Winners will be announced in September 2015.
- On June 21, 2015, the Company's HBO Canada season 5 series finale of *Game of Thrones* delivered record breaking numbers, up 11% from the prior season's finale, reaching more than 1.6 million viewers. The hit series finished the season as the most watched series in HBO Canada's history.
- On June 29, 2015, the Company announced the launch of TreehouseGO, the first in a suite of branded TV Everywhere apps from Corus Kids Television. This new offering will provide additional value to Treehouse subscribers, giving them free access to shows anytime, anywhere on their mobile devices and tablets.
- On June 30, 2015, the Company paid a monthly dividend of $0.094583 and $0.095 per share to holders of its Class A and Class B Shares, respectively.
- On July 8, 2015, Chris Sisam was appointed General Manager, Corus Radio Toronto and Hamilton. Chris previously held the role of Regional General Manager, Corus Radio Western Ontario.
- On July 14, 2015, the Company's Nelvana subsidiary announced it will be developing a new animated series in partnership with Sony Pictures Animation that brings their feature film *Hotel Transylvania* to the small screen. This property will be developed and produced by Nelvana Studio in Toronto and is slated for launch in early 2017.

Management's Discussion and Analysis

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

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

Cautionary statement regarding forward-looking statements

To the extent any statements made in this report contain information that is not historical, these statements are forward-looking statements and may be forward-looking information within the meaning of applicable securities laws (collectively, "forward-looking statements"). These forward-looking statements relate to, among other things, our objectives, goals, strategies, intentions, plans, estimates and outlook, including advertising, distribution, merchandise and subscription revenues, operating costs and tariffs, taxes and fees, and can generally be identified by the use of the words such as "believe", "anticipate", "expect", "intend", "plan", "will", "may" and other similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. Although Corus believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, including without limitation, factors and assumptions regarding advertising, distribution, merchandise and subscription revenues, operating costs and tariffs, taxes and fees and actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from these expectations include, among other things: our ability to attract and retain advertising revenues; audience acceptance of our television programs and networks; our ability to recoup production costs, the availability of tax credits and the existence of co-production treaties; our ability to compete in any of the industries in which we do business; the opportunities (or lack thereof) that may be presented to and pursued by us; conditions in the entertainment, information and communications industries and technological developments therein; changes in laws or regulations or the interpretation or application of those laws and regulations; our ability to integrate and realize anticipated benefits from our acquisitions and to effectively manage our growth; our ability to successfully defend ourselves against litigation matters arising out of the ordinary course of business; and changes in accounting standards. Additional information about these factors and about the material assumptions underlying such forward-looking statements may be found in our Annual Information Form. Corus cautions that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Corus, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Unless otherwise required by applicable securities laws, 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. Financial guidance 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 third quarter of fiscal 2015 was $8.1 million on revenues of $203.1 million, as compared to net loss $30.3 million on revenues of $214.0 million in the prior year. Consolidated segment profit decreased 14% from the prior year, driven by decreases of 15% in the Television segment and 19% in the Radio segment. Further analysis is provided in the discussions of segmented results.

Net loss attributable to shareholders for the nine month period ended May 31, 2015 was $43.0 million on revenues of $621.7 million, as compared to net income of $126.7 million on revenues of $631.5 million in the prior year. Consolidated segment profit decreased 4% from the prior year, driven by decreases of 4% in the Television segment and 21% in the Radio segment. 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, 2013 as a consequence of meeting the definition of control under IFRS 10 – *Consolidated Financial Statements.* Further discussion is provided in note 27 of the Company's audited consolidated financial statements for the year ended August 31, 2014.

Revenues

Revenues for the third quarter of fiscal 2015 were $203.1 million, compared to $214.0 million last year. On a consolidated basis, subscriber revenues decreased by 3%, advertising revenues decreased by 10% and merchandising, distribution and other revenues increased by 12%. Revenues decreased for Television by 5%, and Radio by 7% in the third quarter compared to the prior year. Further analysis of revenues is provided in the discussion of segmented results.

For the nine month period ended May 31, 2015, revenues of $621.7 million were down 2% from $631.5 million last year. On a consolidated basis, both subscriber revenues and merchandising, distribution and other revenues increased by 2% and 7%, respectively, while advertising revenues decreased by 6%. 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 third quarter and the nine month period ended May 31, 2015 at $134.4 million and $400.0 million, respectively, were consistent with the prior year. Higher costs in the Television segment were offset by decreases in the Corporate and Radio reporting segments. Further analysis of expenses is provided in the discussion of segmented results.

Depreciation and amortization

Depreciation and amortization expense for the third quarter of fiscal 2015 was $6.1 million, down 18% from $7.4 million in the prior year. For the nine month period ended May 31, 2015, depreciation and amortization expense of $17.9 million was down 4% from $18.7 million in the prior year. The decrease in the quarter arises due to a $1.2 million capital asset impairment charge in the Radio division in the prior year, while the year-to-date decrease is offset by higher amortization of intangible assets, specifically software.

Interest expense

Interest expense of $13.1 million in the third quarter of fiscal 2015 was comparable to the prior year. Interest expense of $38.6 million for the nine month period ended May 31, 2015 was $3.2 million higher than the prior year. This resulted primarily from increased average bank debt to finance business acquisitions made in the prior year. The effective interest rate on bank loans and notes for the three and nine months ended May 31, 2015, was 4.2% and 4.1%, compared to 4.1% and 4.3%, 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, from February 11, 2017 to February 25, 2019.

Broadcast license and goodwill impairment

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

Intangible asset impairment

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

Business acquisition, integration and restructuring costs

For the three months ended May 31, 2015, the Company incurred $2.7 million of business integration and restructuring costs compared to $0.6 million last year. The current year costs relate primarily to severance and employee related costs in the Radio and Television segments.

For the nine months ended May 31, 2015, the Company incurred $10.7 million of business acquisition, integration and restructuring costs compared to $41.2 million last year. The prior year included $9.3 million in restructuring costs and $31.9 million related to the present value of the CRTC tangible benefit obligations resulting from business combinations during the year.

Gain on acquisition

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

Other (income) expense, net

Other (income) expense for the three months ended May 31, 2015 was expense of $1.4 million, compared to income of $1.5 million in the prior year. The decrease in the third quarter relates to higher equity losses from investments in associates. The prior year included a decrease of $2.0 million in the purchase price obligation to Bell Media Inc. ("Bell") on the acquisition of control of TELETOON.

For the nine month period ended May 31, 2015, income of $12.7 million consists of proceeds of $18.5 million received from Steamboat Ventures relating to its disposal of an investment, of which $1.5 million related to a return on capital, resulting in a gain of $17.0 million. This was offset by equity losses from investments in associates of $2.7 million. The prior year included a cumulative increase of $3.3 million in the purchase obligation to Bell on the acquisition of control of TELETOON, and impairment charges on certain investments of $1.1 million.

Income tax expense

The effective tax rate for the nine months ended May 31, 2015 was a negative 171.2% compared to the Company's 26.5 % statutory rate. This lower effective tax rate is primarily the result of the $107.0 million goodwill impairment charge recorded in the second quarter, which is not a tax-deductible expense.

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

Net loss attributable to shareholders for the third quarter of fiscal 2015 was $8.1 million ($0.09 per share), as compared to $30.3 million ($0.36 per share) last year. Net loss attributable to shareholders for the current quarter includes intangible asset impairment charges of $51.8 million ($0.44 per share) and business acquisition, integration and restructuring costs of $2.7 million ($0.02 per share). Removing the impact of these items results in an adjusted net income attributable to shareholders of $31.6 million ($0.36 per share basic) in the quarter. Net income attributable to shareholders for the prior year quarter includes radio broadcast license and goodwill impairment charges of $75.0 million ($0.85 per share), business acquisition, integration and restructuring costs of $0.6 million ($0.01 per share), capital asset impairment charges of $1.2 million ($0.01 per share) and a decrease in the purchase price obligation of

$2.0 million ($0.02 per share). Removing the impact of these items results in an adjusted net income attributable to shareholders of $41.6 million ($0.49 per share basic) in the prior year quarter.

Net loss attributable to shareholders for the nine months ended May 31, 2015 was $43.0 million ($0.50 per share), as compared to earnings of $126.7 million ($1.49 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), intangible asset impairment charges of $51.8 million ($0.44 per share), business acquisition, integration and restructuring costs of $10.7 million ($0.09 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 $112.0 million ($1.30 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 and goodwill impairment charges of $83.0 million ($0.92 per share), capital asset impairment charges of $1.2 million ($0.01 per share), business acquisition, integration and restructuring costs of $41.2 million ($0.47 per share), an increase in the purchase price obligation of $3.3 million ($0.04 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 $123.6 million ($1.46 per share) in the prior year.

The weighted average number of basic shares outstanding for the three and nine months ended May 31, 2015, was 86,686,000 and 86,266,000, 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 $2.6 million, compared to income of $2.0 million in the prior year. This increase of $0.6 million resulted primarily from higher unrealized gains from foreign currency translation adjustments, offset by higher unrealized losses from cash flow 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		Nine months ended	
		May 31,		**May 31,**
(thousands of Canadian dollars)	**2015**	2014	**2015**	2014
Revenues	**162,767**	170,565	**499,432**	500,615
Expenses	**98,692**	94,886	**291,878**	284,378
Segment profit (1)	**64,075**	75,679	**207,554**	216,237

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

Revenues decreased 5% in the third quarter of fiscal 2015 as a result of an 11% decrease in specialty advertising revenues, and a 3% decrease in subscriber revenues, offset by a 15% increase in merchandising, distribution and other revenues. While ratings continue to be strong across most networks, general softness in advertising demand and pricing pressure drove the year-over-year decline in specialty advertising revenues. The decline in subscriber revenues was a result of reduced subscriber levels and packaging changes on certain networks. The increase in merchandising, distribution and other revenues reflects higher Nelvana studio service work. Year-to-date specialty advertising revenues decreased 5%, which was offset by an increase in subscriber revenues of 2% and merchandising, distribution and other revenues of 9%.

Total expenses in the third quarter of fiscal 2015 increased by 4% 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 higher costs related to increased service work revenues, increased programming investments for Historia and Séries+ ("H&S") to drive ratings, and increased program rights amortization related to the recent HBO library deal. General and administrative expenses were consistent with the prior year, as an increase in marketing costs for the quarter was offset by synergies from the H&S acquisitions and continued focus on cost control. Year-to-date total expenses increased 3% from the prior year, primarily as a result of an increase to direct cost of sales of 7%, offset by a decrease of 4% to general and administrative expenses.

Segment profit decreased 15% in the third quarter of fiscal 2015 and 4% year-to-date. Segment profit margin for the quarter was 39%, compared to 44% last year. Segment profit margin for the year-to-date was 42%, compared to 43% last year.

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

Also during the quarter, the Company expanded its partnerships with long-term agreements with both Nickelodeon and Buena Vista Television ("Disney/ABC Television Group"). The Nickelodeon agreement grants Corus exclusive Canadian rights to all of Nickelodeon's English and French-language content across digital platforms, linear services and becomes the sole distributor and rights holder of Nickelodeon's current content and library titles in Canada. The Disney/ABC Television Group agreement grants Corus exclusive Canadian English and French-language rights to Disney's content and the Company becomes steward of the brand with the launch of Disney Channel in Canada on September 1, 2015. Additional Disney branded kids linear television offerings will roll out in the future as those brands and programming transition to Corus.

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		Nine months ended	
		May 31,		**May 31,**
(thousands of Canadian dollars)	**2015**	2014	**2015**	2014
Revenues	**40,354**	43,476	**122,284**	130,844
Expenses	**30,897**	31,798	**93,780**	94,859
Segment profit(1)	**9,457**	11,678	**28,504**	35,985

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

Revenues decreased 7% in the third quarter of fiscal 2015 and for the year-to-date. The revenue shortfall for the quarter was largely driven by disappointing results from the Toronto radio cluster and is expected to continue in the short-term. However, recent improvements in the Radio ratings released in June 2015, are encouraging, with Toronto's 102.1 the Edge climbing to #2 in M18-34 and Q107 at the #2 position in M35-54. Excluding Toronto Radio, the revenue decline for the segment was 4%. The Vancouver radio cluster returned to revenue growth in the current quarter after programming changes in fiscal 2014 translated into meaningful ratings improvements in December 2014. The recent Radio ratings have confirmed that Vancouver is on the right track, with Rock 101 moving up the ranks significantly to #2 in A25-54 and gains on CFOX as well.

Direct cost of sales, general and administrative expenses in the third quarter of fiscal 2015 decreased by 3% compared to the prior year and decreased 1% year-to-date. Variable expenses decreased for the quarter and year-to-date by 11% and 9%, respectively, 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, increased 1% in the quarter due to higher compensation costs and further investment in programming research offset by lower corporate costs. Fixed expenses increased 3% year-to-date compared to prior year, primarily as a result of incremental costs from the Ottawa radio stations that were acquired January 31, 2014 and higher programming research costs, offset by lower employee-related costs, marketing and promotion expenditures and corporate costs.

Segment profit decreased 19% in the third quarter of fiscal 2015 and 21% year-to-date. Segment profit margin decreased from 27% in the prior year to 23% 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 the Company's Ottawa radio stations.

The Company recorded a non-cash impairment charge 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

	Three months ended	May 31,	Nine months ended	May 31,
(thousands of Canadian dollars)	**2015**	2014	**2015**	2014
Share-based compensation	**834**	2,607	**3,137**	7,316
Other general and administrative costs	**3,999**	5,019	**11,227**	13,617
	4,833	7,626	**14,364**	20,933

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 third quarter of fiscal 2015 and the 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.

For the quarter and the year-to-date, other general and administrative costs have decreased primarily due to lower costs related to performance incentive plans, the 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 May 31, 2015. In Management's opinion, these unaudited consolidated financial statements have been prepared on a basis consistent with the audited consolidated financial statements in the Company's Annual Report for the year ended August 31, 2014.

[thousands of Canadian dollars, except per share amounts]

	Revenues	Segment profit[1]	Net income (loss) attributable to shareholders	Adjusted net income attributable to shareholders	Earnings (loss) per share		
					Basic	Diluted	Adjusted
2015							
3rd quarter	**203,121**	**68,699**	**(8,109)**	**31,550**	**$ (0.09)**	**$ (0.09)**	**$ 0.36**
2nd quarter	191,484	59,719	(86,786)	28,499	$ (1.01)	$ (1.01)	$ 0.33
1st quarter	227,111	93,276	51,906	51,906	$ 0.60	$ 0.60	$ 0.60
2014							
4th quarter	201,557	58,349	23,727	26,785	$ 0.28	$ 0.28	$ 0.31
3rd quarter	214,041	79,731	(30,325)	41,602	$(0.36)	$(0.36)	$ 0.49
2nd quarter	191,413	59,282	6,116	26,780	$ 0.07	$ 0.07	$ 0.32
1st quarter	226,005	92,276	150,891	55,177	$ 1.78	$ 1.78	$ 0.65
2013							
4th quarter	181,897	50,931	11,879	25,816	$ 0.14	$ 0.14	$ 0.31

[1]As defined in "Key Performance Indicators"

Significant items causing variations in quarterly results

- Net income attributable to shareholders for the third quarter of fiscal 2015 was negatively impacted by non-cash impairment charges in program rights and film investments of $51.8 million ($0.44 per share) and restructuring costs of $2.7 million ($0.02 per share).
- Net income attributable to shareholders for the second quarter of fiscal 2015 was negatively impacted by non-cash radio broadcast license and goodwill impairment charges of $130.0 million ($1.44 per share), restructuring costs of $8.0 million ($0.07 per share) and positively impacted by a gain of $17.0 million ($0.17 per share) resulting from a gain on disposition of investment.
- Net income attributable to shareholders for the fourth quarter of fiscal 2014 was negatively impacted by business acquisition, integration and restructuring costs of $5.6 million ($0.04 per share) offset by an investment impairment recovery of $1.0 million ($0.01 per share).
- Net income attributable to shareholders for the third quarter of fiscal 2014 was negatively impacted by non-cash radio broadcast license and goodwill impairment charges of $75.0 million ($0.85 per

share), capital asset impairment charge of $1.2 million ($0.01 per share), business acquisition, integration and restructuring costs of $0.6 million ($0.01 per share) and positively impacted by a decrease in the purchase price obligation of $2.0 million ($0.02 per share).

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

Risks and Uncertainties

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

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

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

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

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

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

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

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

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

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

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

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

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.

In the second quarter of fiscal 2015, the Company announced that it did not expect to achieve the low end of the segment profit guidance for the fiscal year. Based on the year-to-date financial results, the Company confirms that it will not meet 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 May 31, 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 May 31, 2015 were $252.4 million, up $35.0 million from August 31, 2014. Cash and cash equivalents increased by $32.3 million. Refer to the discussion of cash flows in the next section.

Accounts receivable increased $5.3 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 $4.2 million as a result of tax credit accruals exceeding receipts related to film and interactive productions.

Intangibles, investments and other assets increased $11.6 million, primarily as a result of increases in investments in associates and venture funds offset by equity losses from associates and amortization of intangibles.

Property, plant and equipment decreased $2.6 million, as a result of depreciation expense exceeding additions for the first nine months of fiscal 2015.

Program and film rights decreased $6.5 million from year-end, as additions of acquired rights of $186.0 million were offset by impairment charges of $30.7 million and amortization of $161.8 million during the first nine months of fiscal 2015.

Film investments decreased $24.8 million, as film spending (net of tax credit accruals) of $14.8 million was offset by impairment charges of $21.1 million and film amortization of $18.4 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 in the second quarter of fiscal 2015.

Accounts payable and accrued liabilities increased $55.5 million from year-end, primarily as a result of higher current program rights payable, offset by reductions in capital leases payable and accrued liabilities. The reductions in accrued liabilities relate primarily to lower accrual for performance incentive plans, short-term portion of stock-based compensation and third-party participations, offset by interest accrual relating to the 4.25% Senior Unsecured Guaranteed notes ("Notes").

Provisions have decreased $1.8 million as a result of payments exceeding accruals made in the second and third quarter relating to restructuring and the retirement of senior executives.

Long-term debt at May 31, 2015 was $680.3 million, down $194.0 million as a result of the Company's payments on credit facilities and the reclassification as current of the $150.0 million term facility, maturing February 3, 2016.

Other long-term liabilities decreased by $28.0 million from year-end, primarily from decreases in long-term program rights payable, merchandising and intangibles liabilities, and long-term employee obligations as a result of retirement of senior executives.

Share capital increased $22.7 million, as the issuance of shares from treasury under the Company's dividend reinvestment plan and issuance of stock options added $15.9 million and $6.7 million, respectively, to share capital.

Contributed surplus increased $0.8 million due to share-based compensation expense of $1.8 million, offset by the issuance of shares under the stock option plan of $1.1 million.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows

Overall, the Company's cash and cash equivalents position increased by $32.3 million over the nine months ended May 31, 2015. Free cash flow for the nine months ended May 31, 2015 was $156.0 million, compared to free cash flow of $182.4 million in the prior year. This decrease in free cash flow primarily reflects higher usage for working capital, investments, capital additions, program rights payments and film investment additions, 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 nine months ended May 31, 2015 was $154.4 million, compared to $191.2 million last year. The decrease of $36.8 million arises from higher program rights payments of $30.5 million, higher net additions of film investments of $1.9 million and higher cash outflows from working capital of $15.1 million, and lower net income from operations before adjustments of $10.8 million.

Cash used in investing activities in the nine months ended May 31, 2015 was $18.2 million, compared to $512.1 million in the prior year. The prior year includes cash outflows of $496.7 million for business acquisitions. 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 $20.6 million, additions to property, plant and equipment of $12.7 million and CRTC benefits payments of $3.4 million.

Cash used in financing activities in the nine months ended May 31, 2015 was $104.0 million, compared to cash provided by financing activities of $277.9 million in the prior year. In the current year, the Company paid down bank debt by $44.9 million, paid dividends of $60.6 million, made capital lease payments of $3.5 million and received $5.7 million from issuance of shares under the stock option plan. In the prior year, the Company incurred $333.1 million in bank loans to finance the business acquisitions, paid dividends of $54.3 million, made capital lease payments of $1.8 million and received $1.5 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 $500.0 million credit facility with a syndicate of banks was amended. The principal amendment was to extend the maturity date, on the $500.0 million revolving facility, from February 11, 2017 to February 25, 2019.

As at May 31, 2015, the Company had available approximately $360.0 million under the revolving term credit facility and was in compliance with all loan covenants. As at May 31, 2015, the Company had a cash balance of $43.8 million. Management believes that cash flow from operations and existing credit facilities will provide the Company with sufficient financial resources to fund its operations for the next 12 months.

Net debt to segment profit

As at May 31, 2015, net debt was $786.5 million, down from $862.7 million at August 31, 2014. Net debt to segment profit at May 31, 2015 was 2.8 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 May 31, 2015, total capitalization was $2,005.6 million, a decrease of $167.2 million from August 31, 2014. The decrease results from lower net income and debt levels.

Off-Balance Sheet arrangements and derivative financial instruments

During the second quarter of fiscal 2014, the Company entered into a Canadian interest rate swap agreement to fix the interest rate on its outstanding term loan facility. The counterparties of the swap agreements are highly rated financial institutions and the Company 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 May 31, 2015 is $0.4 million, which has been recorded in the Interim Condensed Consolidated Statements of Financial Position as a liability.

Contractual commitments

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

On March 16, 2015, the Company and 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.

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

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

Outstanding Share Data

As at June 30, 2015, 3,427,792 Class A Voting Shares and 83,522,682 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 nine months ended May 31, 2015 that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

KEY PERFORMANCE INDICATORS

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

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

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

Free cash flow

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

	Three months ended	May 31,	Nine months ended	May 31,
[thousands of Canadian dollars]	**2015**	2014	**2015**	2014
Cash provided by (used in):				
Operating activities	**69,284**	63,483	**154,428**	191,234
Investing activities	**(8,578)**	(11,222)	**(18,150)**	(512,139)
	60,706	52,261	**136,278**	(320,905)
Add back: cash used for business combinations and strategic investments (1)	**2,713**	7,138	**19,765**	503,345
Free cash flow	**63,419**	59,399	**156,043**	182,440

(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 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 measures that facilitate period-to-period operating comparisons. Adjusted net income and adjusted basic earnings per share does 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	May 31,	Nine months ended	May 31,
(thousands of Canadian dollars, except per share amounts)	**2015**	2014	**2015**	2014
Net income (loss) attributable to shareholders	**(8,109)**	(30,325)	**(42,989)**	126,682
Adjustments, net of tax:				
Gain on remeasurement to fair value of original 50% of TELETOON	**—**	—	**—**	(127,884)
Broadcast license and goodwill impairment charge	**—**	72,537	**123,984**	78,460
Intangible asset impairment	**38,055**	—	**38,055**	—
(Decrease) increase in purchase price obligation	—	(1,952)	**—**	3,336
Impact of business acquisition, integration and restructuring costs	**1,604**	429	**7,621**	38,800
Gain from disposition of investment	**—**	—	**(14,716)**	—
Impact of investment impairment charges	**—**	—	**—**	3,253
Capital asset impairment	**—**	913	**—**	913
Adjusted net income attributable to shareholders	**31,550**	41,602	**111,955**	123,560

(thousands of Canadian dollars, except per share amounts)	Three months ended May 31, **2015**	2014	Nine months ended May 31, **2015**	2014
Basic earnings (loss) per share	**($0.09)**	($0.36)	**($0.50)**	$ 1.49
Adjustments, net of tax:				
Gain on remeasurement to fair value of original 50% of TELETOON	**—**	—	**—**	(1.51)
Broadcast license and goodwill impairment charge	**—**	0.85	**1.44**	0.92
Intangible asset impairment	**0.44**	—	**0.44**	—
(Decrease) increase in purchase price obligation	**—**	(0.02)	**—**	0.04
Impact of business acquisition, integration and restructuring costs	**0.02**	0.01	**0.09**	0.47
Gain from disposition of investment	**—**	—	**(0.17)**	—
Impact of investment impairment charges	**—**	—	**—**	0.04
Capital asset impairment	**—**	0.01	**—**	0.01
Adjusted basic earnings per share	**$0.36**	$0.49	**$1.30**	$1.46

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 May 31, 2015**	As at August 31, 2014
Long-term debt	**830,332**	874,251
Cash and cash equivalents	**(43,848)**	(11,585)
Net debt	**786,484**	862,666

(thousands of Canadian dollars)	**As at May 31, 2015**	As at August 31, 2014
Net debt (numerator)	**786,484**	862,666
Segment profit (denominator)[1]	**280,043**	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' May 31, 2015 interim condensed consolidated financial statements.

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

[unaudited - in thousands of Canadian dollars]	**As at May 31, 2015**	As at August 31, 2014
ASSETS		
Current		
Cash and cash equivalents	**43,848**	11,585
Accounts receivable	**188,309**	183,009
Income taxes recoverable (note 13)	**9,177**	9,768
Prepaid expenses and other	**11,091**	13,032
Total current assets	**252,425**	217,394
Tax credits receivable	**33,275**	29,044
Intangibles, investments and other assets (note 4)	**59,249**	47,630
Property, plant and equipment	**141,013**	143,618
Program and film rights (note 5)	**323,914**	330,437
Film investments (note 5)	**38,696**	63,455
Broadcast licenses (notes 6 and 7)	**956,984**	979,984
Goodwill (note 6 and 7)	**827,859**	934,859
Deferred tax assets	**42,099**	38,161
	2,675,514	2,784,582
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**225,881**	170,411
Current portion of long-term debt (note 8)	**150,000**	—
Provisions	**3,534**	5,314
Total current liabilities	**379,415**	175,725
Long-term debt (note 8)	**680,332**	874,251
Other long-term liabilities	**143,833**	171,793
Deferred tax liabilities	**252,779**	252,687
Total liabilities	**1,456,359**	1,474,456
SHAREHOLDERS' EQUITY		
Share capital (note 9)	**990,019**	967,330
Contributed surplus	**9,137**	8,385
Retained earnings	**197,501**	313,361
Accumulated other comprehensive income	**6,323**	3,767
Total equity attributable to shareholders	**1,202,980**	1,292,843
Equity attributable to non-controlling interest	**16,175**	17,283
Total shareholders' equity	**1,219,155**	1,310,126
	2,675,514	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 May 31, 2015	2014	Nine months ended May 31, 2015	2014
Revenues	**203,121**	214,041	**621,716**	631,459
Direct cost of sales, general and administrative expenses (note 10)	**134,422**	134,310	**400,022**	400,170
Depreciation and amortization	**6,056**	7,385	**17,919**	18,653
Interest expense (note 11)	**13,140**	13,453	**38,567**	35,327
Broadcast license and goodwill impairment	**—**	75,000	**130,000**	83,000
Intangible asset impairment (note 5)	**51,786**	—	**51,786**	—
Business acquisition, integration and restructuring costs	**2,693**	560	**10,695**	41,216
Gain on acquisition	**—**	—	**—**	(127,884)
Other (income) expense, net (note 12)	**1,405**	(1,489)	**(12,691)**	7,216
Income (loss) before income taxes	**(6,381)**	(15,178)	**(14,582)**	173,761
Income tax expense (note 13)	**486**	13,691	**24,962**	43,224
Net income (loss) for the period	**(6,867)**	(28,869)	**(39,544)**	130,537
Net income (loss) attributable to:				
Shareholders	**(8,109)**	(30,325)	**(42,989)**	126,682
Non-controlling interest	**1,242**	1,456	**3,445**	3,855
	(6,867)	(28,869)	**(39,544)**	130,537
Earnings (loss) per share attributable to shareholders:				
Basic	**$ (0.09)**	$ (0.36)	**$ (0.50)**	$ 1.49
Diluted	**$ (0.09)**	$ (0.36)	**$ (0.50)**	$ 1.49
Net income (loss) for the period	**(6,867)**	(28,869)	**(39,544)**	130,537
Other comprehensive income (loss), net of tax:				
Items that may be reclassified subsequently to income:				
Unrealized foreign currency translation adjustment	**(657)**	(646)	**3,010**	1,620
Unrealized change in fair value of available-for-sale investments	**(51)**	392	**(191)**	454
Unrealized change in fair value of cash flow hedges	**191**	37	**(263)**	(109)
	(517)	(217)	**2,556**	1,965
Comprehensive income (loss) for the period	**(7,384)**	(29,086)	**(36,988)**	132,502
Comprehensive income (loss) attributable to:				
Shareholders	**(8,626)**	(30,542)	**(40,433)**	128,647
Non-controlling interest	**1,242**	1,456	**3,445**	3,855
	(7,384)	(29,086)	**(36,988)**	132,502

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	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)	—	—	(42,989)	2,556	(40,433)	3,445	(36,988)
Dividends declared	—	—	(72,871)	—	(72,871)	(4,553)	(77,424)
Issuance of shares under stock option plan	6,741	(1,090)	—	—	5,651	—	5,651
Issuance of shares under dividend reinvestment plan	15,948	—	—	—	15,948	—	15,948
Share-based compensation expense	—	1,842	—	—	1,842	—	1,842
At May 31, 2015	**990,019**	**9,137**	**197,501**	**6,323**	**1,202,980**	**16,175**	**1,219,155**
At August 31, 2013	937,183	7,221	256,517	1,653	1,202,574	18,259	1,220,833
Comprehensive income	—	—	126,682	1,965	128,647	3,855	132,502
Dividends declared	—	—	(68,014)	—	(68,014)	(6,001)	(74,015)
Issuance of shares under stock option plan	1,737	(278)	—	—	1,459	—	1,459
Issuance of shares under dividend reinvestment plan	18,557	—	—	—	18,557	—	18,557
Share-based compensation expense	—	1,489	—	—	1,489	—	1,489
At May 31, 2014	957,477	8,432	315,185	3,618	1,284,712	16,113	1,300,825

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

[unaudited - in thousands of Canadian dollars]	Three months ended May 31, **2015**	2014	Nine months ended May 31, **2015**	2014
OPERATING ACTIVITIES				
Net income (loss) for the period	**(6,867)**	(28,869)	**(39,544)**	130,537
Adjustments to reconcile net income (loss) to cash provided by operating activities:				
Depreciation and amortization	**6,056**	7,385	**17,919**	18,653
Broadcast license and goodwill impairment	**—**	75,000	**130,000**	83,000
Amortization of program and film rights	**54,078**	51,624	**161,781**	153,768
Amortization of film investments	**4,797**	4,201	**18,410**	13,256
Deferred income taxes	**(2,704)**	(637)	**(3,721)**	4,384
Increase (decrease) in purchase price obligation	**—**	(1,952)	**—**	3,336
Intangible asset impairment	**51,786**	—	**51,786**	—
Share-based compensation expense	**376**	528	**1,842**	1,489
Imputed interest	**4,076**	3,840	**11,053**	10,985
Tangible benefit obligation	**—**	—	**—**	31,916
Gain on disposition of investment	**—**	—	**(16,964)**	—
Gain on acquisition	**—**	—	**—**	(127,884)
Other	**1,677**	485	**3,565**	1,900
Net change in non-cash working capital balances related to operations	**3,058**	14,870	**(11,797)**	3,312
Payment of program and film rights	**(36,182)**	(43,975)	**(135,189)**	(104,653)
Net additions to film investments	**(10,867)**	(19,017)	**(34,713)**	(32,765)
Cash provided by operating activities	**69,284**	63,483	**154,428**	191,234
INVESTING ACTIVITIES				
Additions to property, plant and equipment	**(4,941)**	(3,435)	**(12,695)**	(7,715)
Business combinations	**—**	(5,265)	**—**	(496,706)
Proceeds from disposition of investment	**—**	—	**18,490**	—
Net cash flows for intangibles, investments and other assets	**(2,969)**	(2,321)	**(20,555)**	(7,395)
Other	**(668)**	(201)	**(3,390)**	(323)
Cash used in investing activities	**(8,578)**	(11,222)	**(18,150)**	(512,139)
FINANCING ACTIVITIES				
Increase (decrease) in bank loans	**(34,966)**	(39,964)	**(44,863)**	333,101
Financing fees	**—**	—	**(750)**	(587)
Issuance of shares under stock option plan	**815**	566	**5,651**	1,459
Dividends paid	**(20,100)**	(16,380)	**(56,001)**	(48,316)
Dividends paid to non-controlling interest	**—**	—	**(4,553)**	(6,001)
Other	**(820)**	(532)	**(3,499)**	(1,781)
Cash provided by (used in) financing activities	**(55,071)**	(56,310)	**(104,015)**	277,875
Net change in cash and cash equivalents during the period	**5,635**	(4,049)	**32,263**	(43,030)
Cash and cash equivalents, beginning of the period	**38,213**	42,285	**11,585**	81,266
Cash and cash equivalents, end of the period	**43,848**	38,236	**43,848**	38,236

Supplemental cash flow disclosures (note 15)
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 nine months ended May 31, 2015 were authorized for issue by the Company's Audit Committee on July 14, 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 version 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.

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.

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

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	2,747	8,206	6,327	17,280
Amortization of intangibles	(5,369)	-	-	(5,369)
Fair value adjustment	-	-	(292)	(292)
Balance - May 31, 2015	**14,361**	**16,793**	**28,095**	**59,249**

5. PROGRAM AND FILM RIGHTS

Balance - August 31, 2014	330,437
Net additions	185,936
Impairment charges	(30,678)
Amortization	(161,781)
Balance - May 31, 2015	**323,914**

FILM INVESTMENTS

Balance - August 31, 2014	63,455
Net additions	14,760
Impairment charges	(21,109)
Amortization	(18,410)
Balance - May 31, 2015	**38,696**

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

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

6. BROADCAST LICENSES AND GOODWILL

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

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

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

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

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

7. IMPAIRMENT TESTING

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

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

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.

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

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

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

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

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

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

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

The recoverable amount for the Radio segment group of 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 was $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:

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

	May 31, 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.

8. LONG-TERM DEBT

	May 31, 2015	August 31, 2015
Bank loans	**288,822**	333,677
Senior unsecured guaranteed notes	**550,000**	550,000
Unamortized financing fees	**(8,490)**	(9,426)
	830,332	874,251
Short-term portion of bank loans	**(150,000)**	—
	680,332	874,251

Interest rates on the balance of the bank loans fluctuate with Canadian bankers' acceptances and/or LIBOR. As at May 31, 2015, the weighted average interest rate on the outstanding bank loans and Notes was 4.0% (2014 – 4.0%). Interest on the bank loans and Notes averaged 4.2% for the third quarter and 4.1% year-to-date of fiscal 2015 (2014 – 4.1% and 4.3%).

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 facilities, 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 May 31, 2015.

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

On February 25, 2015, the Company's credit agreement was amended to extend the maturity date of the Revolving Facility which consists of a committed credit of $500.0 million from February 11, 2017 to February 25, 2019. As a revolving facility, amounts borrowed may be repaid and re-borrowed as required through the term of the Revolving Facility. The commitment expires at the maturity date and there are no mandatory reductions to the committed amount, subject to certain covenants, during the term of the facility. As at May 31, 2015, approximately $140.0 million of the Revolving Facility was utilized.

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

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

The Company's $550,000 principal amount of 4.25% Senior Unsecured Guaranteed Notes ("Notes") are due on February 11, 2020.

9. SHARE CAPITAL

Authorized

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

Issued and outstanding

	Class A Voting Shares		Class B Non-Voting Shares		Total
	#	$	#	$	$
Balance – August 31, 2014	3,428,292	26,549	82,335,593	940,781	967,330
Conversion of Class A Voting Shares to Class B Non-Voting Shares	(500)	(5)	500	5	—
Issuance of shares under stock option plan	—	—	320,200	6,741	6,741
Issuance of shares under dividend reinvestment plan	—	—	773,799	15,948	15,948
Balance – May 31, 2015	**3,427,792**	**26,544**	**83,430,092**	**963,475**	**990,019**

Earnings (loss) per share

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

	Three months ended **May 31,**		Nine months ended **May 31,**	
	2015	2014	**2015**	2014
Net income (loss) attributable to shareholders (numerator)	**(8,109)**	(30,325)	**(42,989)**	126,682
Weighted average number of shares outstanding (denominator)				
Weighted average number of shares outstanding - basic	**86,686**	85,124	**86,266**	84,838
Effect of dilutive securities	**(63)**	301	**26**	318
Weighted average number of shares outstanding - diluted	**86,623**	85,425	**86,292**	85,156

The calculation of diluted earnings (loss) per share for both the third quarter and year-to-date of fiscal 2015 excluded 2,605,712 and 2,199,446 (2014 – 20,200 and 10,063) 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 stock options, Performance Share Units ("PSUs"), Deferred Share Units ("DSUs"), and Restricted Share Units ("RSUs") as at:

	May 31, 2015	August 31, 2014
Outstanding employee stock options	**2,741,273**	2,561,373
Exercisable employee stock options	**1,351,948**	1,197,823
Outstanding PSUs	**952,255**	954,464
Outstanding DSUs	**729,017**	861,302
Outstanding RSUs	**150,128**	142,313

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

Share-based compensation expense recorded for the third quarter and year-to-date fiscal 2015 in respect of these plans was $834 and $3,137 (2014 – $2,607 and $7,316). As at May 31, 2015, the carrying value of the liability for the PSU, DSU and RSU units was $18,976 (August 31, 2014 – $28,715).

Dividend reinvestment plan

During fiscal 2015, the Company issued 773,799 Class B Non-Voting Shares, resulting in an increase in share capital of $15,948.

10. DIRECT COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended	**May 31,**	Nine months ended	**May 31,**
	2015	2014	**2015**	2014
Amortization of program rights	**54,078**	51,624	**161,781**	153,768
Amortization of film investments	**4,797**	4,201	**18,410**	13,256
Other cost of sales	**6,463**	5,682	**17,741**	19,338
Employee costs	**34,404**	37,642	**102,910**	111,653
Other general and administrative	**34,680**	35,161	**99,180**	102,155
	134,422	134,310	**400,022**	400,170

11. INTEREST EXPENSE

	Three months ended	**May 31,**	Nine months ended	**May 31,**
	2015	2014	**2015**	2014
Interest on long-term debt	**8,646**	9,254	**26,224**	23,203
Imputed interest on long-term liabilities	**4,076**	3,840	**11,053**	10,985
Other	**418**	359	**1,290**	1,139
	13,140	13,453	**38,567**	35,327

12. OTHER EXPENSE (INCOME), NET

	Three months ended	**May 31,**	Nine months ended	**May 31,**
	2015	2014	**2015**	2014
Interest income	**(31)**	(74)	**(63)**	(449)
Equity loss (earnings) of investees	**1,023**	302	**2,678**	1,708
Gain on disposition of investment	**—**	—	**(16,964)**	—
Increase in purchase price obligation	**—**	(1,952)	**—**	3,336
Other	**413**	235	**1,658**	2,621
	1,405	(1,489)	**(12,691)**	7,216

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

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

13. INCOME TAXES

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

	Nine months ended May 31, 2015		Nine months ended May 31, 2014	
	$	**%**	$	%
Tax at combined federal and provincial rates:	**(3,868)**	**26.5%**	46,101	26.5%
(Income) loss subject to tax at less than statutory rates	**1,374**	**(9.4%)**	(100)	(0.1%)
Non-taxable portion of capital gains	**(2,223)**	**15.2%**	(33,930)	(19.5%)
Transaction costs	**(332)**	**2.3%**	9,627	5.5%
Goodwill impairment	**28,389**	**(194.7%)**	17,340	10.0%
Increase (recovery) of various tax reserves	**335**	**(2.3%)**	2,356	1.4%
Miscellaneous differences	**1,287**	**(8.8%)**	1,830	1.1%
	24,962	**(171.2%)**	43,224	24.9%

14. BUSINESS SEGMENT INFORMATION

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

Television

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

Radio

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

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

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

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

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

Revenues and segment profit

Three months ended May 31, 2015

	Television	**Radio**	**Corporate**	**Consolidated**
Revenues	**162,767**	**40,354**	**—**	**203,121**
Direct cost of sales, general and administrative expenses	**98,692**	**30,897**	**4,833**	**134,422**
Segment profit (loss)	**64,075**	**9,457**	**(4,833)**	**68,699**
Depreciation and amortization				**6,056**
Interest expense				**13,140**
Intangible asset impairment				**51,786**
Business acquisition, integration and restructuring costs				**2,693**
Other expense (income), net				**1,405**
Loss before income taxes				**(6,381)**

Three months ended May 31, 2014

	Television	Radio	Corporate	Consolidated
Revenues	170,565	43,476	—	214,041
Direct cost of sales, general and administrative expenses	94,886	31,798	7,626	134,310
Segment profit (loss)	75,679	11,678	(7,626)	79,731
Depreciation and amortization				7,385
Interest expense				13,453
Broadcast license and goodwill impairment				75,000
Business acquisition, integration and restructuring costs				560
Other expense (income), net				(1,489)
Loss before income taxes				(15,178)

Nine months ended May 31, 2015

	Television	**Radio**	**Corporate**	**Consolidated**
Revenues	**499,432**	**122,284**	**—**	**621,716**
Direct cost of sales, general and administrative expenses	**291,878**	**93,780**	**14,364**	**400,022**
Segment profit (loss)	**207,554**	**28,504**	**(14,364)**	**221,694**
Depreciation and amortization				**17,919**
Interest expense				**38,567**
Broadcast license and goodwill impairment				**130,000**
Intangible asset impairment				**51,786**
Business acquisition, integration and restructuring costs				**10,695**
Other expense (income), net				**(12,691)**
Loss before income taxes				**(14,582)**

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

Nine months ended May 31, 2014

	Television	Radio	Corporate	Consolidated
Revenues	500,615	130,844	—	631,459
Direct cost of sales, general and administrative expenses	284,378	94,859	20,933	400,170
Segment profit (loss)	216,237	35,985	(20,933)	231,289
Depreciation and amortization				18,653
Interest expense				35,327
Broadcast license and goodwill impairment				83,000
Gain on acquisition				(127,884)
Business acquisition, integration and restructuring costs				41,216
Other expense (income), net				7,216
Income before income taxes				173,761

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	**May 31,**	Nine months ended	**May 31,**
	2015	2014	**2015**	2014
Advertising	**97,048**	108,039	**299,323**	319,281
Subscriber fees	**84,282**	86,522	**254,941**	249,199
Merchandising, distribution and other	**21,791**	19,480	**67,452**	62,979
	203,121	214,041	**621,716**	631,459

Segment assets and liabilities

	May 31, 2015	August 31, 2014
Assets		
Television	**2,197,410**	2,222,597
Radio	**262,576**	386,454
Corporate	**215,528**	175,531
	2,675,514	2,784,582
Liabilities		
Television	**469,426**	427,965
Radio	**70,194**	71,609
Corporate	**916,739**	974,882
	1,456,359	1,474,456

Assets and liabilities are located primarily within Canada.

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

15. CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Three months ended		Nine months ended	
		May 31,		**May 31,**
	2015	2014	**2015**	2014
Interest paid	**3,064**	3,630	**21,663**	18,641
Interest received	**31**	74	**63**	449
Income taxes paid	**9,390**	11,007	**20,626**	37,752

16. PURCHASE COMMITMENTS

On March 16, 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 guarantee and variable payments.

On April 10, 2015, the Company and Buena Vista Television (Disney/ABC Television Group) expanded their partnership with a new long-term agreement that grants Corus exclusive rights to operate The Disney Channel, Disney Junior Channel, Disney XD and Disney Channel French in Canada. Under the terms of the new licensing deal, Corus secures English and French-language rights to Disney's world-class content and becomes sole licensee of Disney branded networks in Canada. The annual commitments are based on minimum guarantee and variable payments.

17. 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