



Corus Entertainment Announces Fiscal 2012 Third Quarter Results

- Year-to-date free cash flow⁽¹⁾ up 17%
- Net income attributable to shareholders up 7%
- Basic earnings per share up 6% to \$0.52 per share
- Consolidated revenues and segment profit⁽¹⁾ down 4%
- Strong segment profit⁽¹⁾ margins at Television (43%) and Radio (33%)

(July 12, 2012 – Toronto, Canada) **Corus Entertainment Inc.** (TSX: CJR.B) announced its third quarter financial results today.

“Despite tough year-over-year comparables, we delivered a solid performance in the quarter, growing net income and earnings per share, maintaining our exceptional margins through rigorous cost controls and continuing to generate impressive free cash flow,” said John Cassaday, President and CEO of Corus Entertainment. “Our specialty advertising revenues in the quarter were impacted by soft demand in the Kids segment, which overshadowed the continued strong performance in our Women’s vertical and newer services, including ABC Spark. Looking ahead, our exceptional brands, superior programming and disciplined cost controls position us well for a recovery in the advertising market.”

Financial Highlights

(unaudited)

(in thousands of Canadian dollars except per share amounts)

	Three months ended		Nine months ended	
	May 31,		May 31,	
	2012	2011	2012	2011
Revenues				
Television	154,749	161,043	503,075	476,989
Radio ⁽²⁾	49,329	50,745	143,577	148,031
	204,078	211,788	646,652	625,020
Segment profit⁽¹⁾				
Television	66,732	69,992	207,648	210,184
Radio ⁽²⁾	16,151	16,000	42,432	44,186
Corporate	(7,227)	(7,223)	(20,963)	(24,963)
	75,656	78,769	229,117	229,407
Net income attributable to shareholders:				
From continuing operations	43,221	40,352	125,340	113,841
From discontinued operations	—	—	—	5,023
	43,221	40,352	125,340	118,864
Basic earnings per share attributable to shareholders:				
From continuing operations	\$ 0.52	\$ 0.49	\$ 1.51	\$ 1.39
From discontinued operations	—	—	—	0.06
	\$ 0.52	\$ 0.49	\$ 1.51	\$ 1.45

⁽¹⁾ See definitions and discussion under Key Performance Indicators in MD&A

⁽²⁾ Reflects the disposition of the Quebec Radio operations, which occurred on February 1, 2011, as discontinued operations in all periods presented

Consolidated Results from Continuing Operations

Consolidated revenues for the three months ended May 31, 2012 were \$204.1 million, down 4% from \$211.8 million last year. Consolidated segment profit⁽¹⁾ was \$75.7 million, down 4% from \$78.8 million last year. Net income attributable to shareholders for the quarter was \$43.2 million (\$0.52 basic and \$0.51 diluted), up 7% compared to \$40.4 million (\$0.49 basic and diluted) last year.

Consolidated revenues for the nine months ended May 31, 2012 were \$646.7 million, up 3% from \$625.0 million last year. Consolidated segment profit⁽¹⁾ was \$229.1 million, consistent with \$229.4 million last year. Net income attributable to shareholders for the nine months was \$125.3 million (\$1.51 basic and \$1.50 diluted), up 10% compared to \$113.8 million (\$1.39 basic and \$1.38 diluted) last year.

Operational Results - Highlights

Television

- Segment revenues decreased 4% in Q3 2012, but increased 5% year-to-date
- Segment profit⁽¹⁾ decreased 5% in Q3 2012 and 1% year-to-date
- Specialty advertising revenues decreased 11% in the quarter and 1% year-to-date
- Subscriber revenues decreased 2% in the quarter and 1% year-to-date
- Merchandise, distribution and other revenue increased 8% in the quarter and 39% year-to-date
- Movie Central finished the quarter with 975,000 subscribers

Radio⁽²⁾

- Segment revenues decreased 3% in Q3 2012 and year-to-date
- Segment profit⁽¹⁾ increased 1% in Q3 2012, but decreased 4% year-to-date

⁽¹⁾ See definitions and discussion under Key Performance Indicators in MD&A

⁽²⁾ Radio results reflect the disposition of the Quebec Radio operations, which occurred on February 1, 2011, as discontinued operations in all periods presented

Corus Entertainment Inc. reports in Canadian dollars.

About Corus Entertainment Inc.

Corus Entertainment Inc. is a Canadian-based media and entertainment company. Corus is a market leader in specialty television and radio with additional assets in pay television, television broadcasting, children's book publishing and children's animation. The company's multimedia entertainment brands include YTV, Treehouse, Nickelodeon (Canada), ABC Spark, W Network, OWN: Oprah Winfrey Network (Canada), CosmoTV, Sundance Channel (Canada), Movie Central, HBO Canada, Nelvana, Kids Can Press and radio stations including CKNW AM 980, 99.3 The FOX, Country 105, 630 CHED, Q107, and 102.1 the Edge. Corus creates engaging branded entertainment experiences for its audiences across multiple platforms. A publicly traded company, Corus is listed on the Toronto Stock Exchange (CJR.B). Experience Corus on the web at www.corusent.com.

The unaudited consolidated financial statements and accompanying notes for the three and nine months ended May 31, 2012 and Management's Discussion and Analysis are available on the Company's website at www.corusent.com in the Investor Relations section.

A conference call with Corus senior management is scheduled for July 12, 2012 at 2:00 p.m. ET. While this call is directed at analysts and investors, members of the media are welcome to listen in. The dial-in number for the conference call for North America is 1.800.734.8583 and for local/international callers is 416.641.6705. PowerPoint slides for the call will be posted 15 minutes prior the start of the call and can be found on the Corus Entertainment website at www.corusent.com in the Investor Relations section.

This press release contains forward-looking information and should be read subject to the following cautionary language:

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 related 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 cable 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.

For further information, please contact:

John Cassaday
President and Chief Executive Officer
Corus Entertainment Inc.
416.479.6018

Tom Peddie
Executive Vice President and Chief
Financial Officer
Corus Entertainment Inc.
416.479.6080

Sally Tindal
Director, Communications
Corus Entertainment Inc.
416.479.6107

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited) (in thousands of Canadian dollars)	As at May 31, 2012	As at August 31, 2011	As at September 1, 2010
ASSETS			
Current			
Cash and cash equivalents	56,636	55,922	7,969
Accounts receivable	182,520	178,531	175,134
Income taxes recoverable	3,036	603	1,781
Prepaid expenses and other	11,490	13,497	18,008
Total current assets	253,682	248,553	202,892
Tax credits receivable	52,215	43,108	39,597
Intangibles, investments and other assets	44,544	39,980	22,699
Property, plant and equipment	166,537	169,600	161,585
Program and film rights	263,068	256,970	244,963
Film investments	76,119	83,133	80,611
Broadcast licenses	569,505	569,505	610,423
Goodwill	674,138	671,827	695,029
Deferred tax asset	27,240	30,915	32,130
	2,127,048	2,113,591	2,089,929
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	217,947	206,773	192,839
Provisions	3,930	5,267	13,048
Total current liabilities	221,877	212,040	205,887
Long-term debt	527,594	600,796	691,891
Other long-term liabilities	84,374	104,574	95,840
Deferred tax liability	142,869	141,361	146,044
Total liabilities	976,714	1,058,771	1,139,662
SHAREHOLDERS' EQUITY			
Share capital	913,467	882,679	856,655
Contributed surplus	7,566	10,299	12,706
Retained earnings	209,156	143,717	62,509
Accumulated other comprehensive income (loss)	642	(1,075)	342
Total equity attributable to shareholders	1,130,831	1,035,620	932,212
Equity attributable to non-controlling interest	19,503	19,200	18,055
Total shareholders' equity	1,150,334	1,054,820	950,267
	2,127,048	2,113,591	2,089,929

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(unaudited)	Three months ended		Nine months ended	
(in thousands of Canadian dollars except per share amounts)	May 31,		May 31,	
	2012	2011	2012	2011
Revenues	204,078	211,788	646,652	625,020
Direct cost of sales, general and administrative expenses	128,422	133,019	417,535	395,613
Depreciation	6,339	6,203	19,231	18,364
Interest expense	13,190	14,693	40,027	43,483
Restructuring	2,325	92	2,325	2,342
Other income, net	(3,532)	(969)	(4,702)	(2,211)
Income before income taxes	57,334	58,750	172,236	167,429
Income tax expense	12,387	15,270	41,070	46,632
Net income for the period from continuing operations	44,947	43,480	131,166	120,797
Net income for the period from discontinued operations	—	—	—	5,023
Net income for the period	44,947	43,480	131,166	125,820
Net income attributable to:				
Shareholders from continuing operations	43,221	40,352	125,340	113,841
Shareholders from discontinued operations	—	—	—	5,023
Non-controlling interest	1,726	3,128	5,826	6,956
	44,947	43,480	131,166	125,820
Basic earnings per share attributable to shareholders:				
From continuing operations	\$ 0.52	\$ 0.49	\$ 1.51	\$ 1.39
From discontinued operations	—	—	—	0.06
	\$ 0.52	\$ 0.49	\$ 1.51	\$ 1.45
Diluted earnings per share attributable to shareholders:				
From continuing operations	\$ 0.51	\$ 0.49	\$ 1.50	\$ 1.38
From discontinued operations	—	—	—	0.06
	\$ 0.51	\$ 0.49	\$ 1.50	\$ 1.44
Net income for the period	44,947	43,480	131,166	125,820
Other comprehensive income (loss), net of tax				
Unrealized foreign currency translation adjustment	1,434	4	1,971	(1,857)
Unrealized change in fair value of available-for-sale investments	(163)	(77)	(254)	(1)
Actuarial gain on employee future benefits	—	—	—	433
	1,271	(73)	1,717	(1,425)
Comprehensive income for the period	46,218	43,407	132,883	124,395
Comprehensive income attributable to:				
Shareholders	44,492	40,279	127,057	117,439
Non-controlling interest	1,726	3,128	5,826	6,956
	46,218	43,407	132,883	124,395

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited) (in thousands of Canadian dollars)	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total attributable to shareholders	Non-controlling interest	Total equity
At August 31, 2011	882,679	10,299	143,717	(1,075)	1,035,620	19,200	1,054,820
Comprehensive income	—	—	125,340	1,717	127,057	5,826	132,883
Dividends declared	—	—	(58,123)	—	(58,123)	(5,523)	(63,646)
Issuance of shares under stock option plan	13,669	(3,623)	—	—	10,046	—	10,046
Issuance of shares under dividend reinvestment plan	19,229	—	—	—	19,229	—	19,229
Shares repurchased	(2,110)	—	(1,778)	—	(3,888)	—	(3,888)
Share-based compensation expense	—	890	—	—	890	—	890
At May 31, 2012	913,467	7,566	209,156	642	1,130,831	19,503	1,150,334

(unaudited) (in thousands of Canadian dollars)	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total attributable to shareholders	Non-controlling interest	Total equity
At September 1, 2010	856,655	12,706	62,509	342	932,212	18,055	950,267
Comprehensive income (loss)	—	—	118,864	(1,425)	117,439	6,956	124,395
Actuarial gain transfer	—	—	433	(433)	—	—	—
Dividends declared	—	—	(46,093)	—	(46,093)	(5,107)	(51,200)
Issuance of shares under stock option plan	12,954	(3,448)	—	—	9,506	—	9,506
Issuance of shares under dividend reinvestment plan	9,449	—	—	—	9,449	—	9,449
Share-based compensation expense	—	822	—	—	822	—	822
Other	—	—	—	—	—	(957)	(957)
At May 31, 2011	879,058	10,080	135,713	(1,516)	1,023,335	18,947	1,042,282

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) (in thousands of Canadian dollars)	Three months ended May 31,		Nine months ended May 31,	
	2012	2011	2012	2011
OPERATING ACTIVITIES				
Net income for the period	44,947	43,480	131,166	125,820
Deduct earnings from discontinued operations	—	—	—	(5,023)
Add (deduct) non-cash items:				
Depreciation	6,339	6,203	19,231	18,364
Amortization of program rights	46,317	44,174	139,805	129,563
Amortization of film investments	4,002	7,501	21,949	26,378
Deferred income taxes	(51)	2,541	4,735	3,365
Stock-based compensation expense	298	274	890	822
Imputed interest	2,894	2,827	8,904	7,911
Gain on acquisition	(2,383)	—	(2,383)	—
Other	(2,000)	(809)	(2,790)	(2,403)
Net change in non-cash working capital balances related to operations	11,466	7,700	(9,260)	5,300
Payment of program and film rights	(44,841)	(41,686)	(131,267)	(114,814)
Net additions to film investments	(6,391)	(23,131)	(40,364)	(56,251)
Cash provided by operating activities from continuing operations	60,597	49,074	140,616	139,032
Cash used in operating activities from discontinued operations	—	—	—	(13,262)
Cash provided by operating activities	60,597	49,074	140,616	125,770
INVESTING ACTIVITIES				
Additions to property, plant and equipment	(5,501)	(5,387)	(13,585)	(32,602)
Business combination	(4,104)	—	(4,104)	—
Net cash flows for intangibles, investments and other assets	(4,868)	210	(3,859)	(4,057)
Other	(242)	(350)	(560)	(932)
Cash used in investing activities from continuing operations	(14,715)	(5,527)	(22,108)	(37,591)
Cash provided by investing activities from discontinued operations	—	—	—	74,996
Cash provided by (used in) investing activities	(14,715)	(5,527)	(22,108)	37,405
FINANCING ACTIVITIES				
Decrease in bank loans	(40,103)	(28,458)	(74,777)	(73,222)
Issuance of shares under stock option plan	1,709	3,622	10,046	9,506
Shares repurchased	—	—	(3,888)	—
Dividends paid	(13,705)	(11,023)	(37,525)	(34,572)
Dividends paid to non-controlling interest	—	(741)	(4,423)	(5,107)
Other	(2,722)	(3,000)	(7,227)	(7,324)
Cash used in financing activities from continuing operations	(54,821)	(39,600)	(117,794)	(110,719)
Net change during the period in cash and cash equivalents from continuing operations	(8,939)	3,947	714	(9,278)
Net change during the period in cash and cash equivalents from discontinued operations	—	—	—	61,734
Net change in cash and cash equivalents during the period	(8,939)	3,947	714	52,456
Cash and cash equivalents, beginning of period	65,575	56,478	55,922	7,969
Cash and cash equivalents, end of period	56,636	60,425	56,636	60,425

**CORUS ENTERTAINMENT INC.
BUSINESS SEGMENT INFORMATION**

(unaudited)

(in thousands of Canadian dollars)

Three months ended May 31, 2012

	Radio	Television	Corporate	Consolidated
Revenues	49,329	154,749	—	204,078
Direct cost of sales, general and administrative expenses	33,178	88,017	7,227	128,422
Segment profit (loss)⁽¹⁾	16,151	66,732	(7,227)	75,656
Depreciation	870	816	4,653	6,339
Interest expense	(256)	6,118	7,328	13,190
Restructuring	1,053	1,151	121	2,325
Other expense (income), net	(55)	(866)	(2,611)	(3,532)
Income (loss) before income taxes	14,539	59,513	(16,718)	57,334

Three months ended May 31, 2011

	Radio	Television	Corporate	Consolidated
Revenues	50,745	161,043	—	211,788
Direct cost of sales, general and administrative expenses	34,745	91,051	7,223	133,019
Segment profit (loss)⁽¹⁾	16,000	69,992	(7,223)	78,769
Depreciation	817	736	4,650	6,203
Interest expense	(74)	6,182	8,585	14,693
Restructuring	79	6	7	92
Other expense (income), net	(515)	396	(850)	(969)
Income (loss) before income taxes	15,693	62,672	(19,615)	58,750

Nine months ended May 31, 2012

	Radio	Television	Corporate	Consolidated
Revenues	143,577	503,075	—	646,652
Direct cost of sales, general and administrative expenses	101,145	295,427	20,963	417,535
Segment profit (loss)⁽¹⁾	42,432	207,648	(20,963)	229,117
Depreciation	2,427	2,168	14,636	19,231
Interest expense	(160)	19,350	20,837	40,027
Restructuring	1,053	1,151	121	2,325
Other expense (income), net	(42)	(1,861)	(2,799)	(4,702)
Income (loss) before income taxes	39,154	186,840	(53,758)	172,236

Nine months ended May 31, 2011

	Radio	Television	Corporate	Consolidated
Revenues	148,031	476,989	—	625,020
Direct cost of sales, general and administrative expenses	103,845	266,805	24,963	395,613
Segment profit (loss)⁽¹⁾	44,186	210,184	(24,963)	229,407
Depreciation	2,313	3,255	12,796	18,364
Interest expense	2,398	16,059	25,026	43,483
Restructuring	750	9	1,583	2,342
Other expense (income), net	(1,009)	(1,822)	620	(2,211)
Income (loss) before income taxes	39,734	192,683	(64,988)	167,429

⁽¹⁾See definitions and discussion under Key Performance Indicators in MD&A

Revenues by type

	Three months ended		Nine months ended	
	May 31,		May 31,	
	2012	2011	2012	2011
Advertising	97,076	104,374	300,395	306,873
Subscriber fees	74,285	76,176	224,350	225,537
Merchandise, distribution and other	32,717	31,238	121,907	92,610
	204,078	211,788	646,652	625,020