

Corus Entertainment Announces Fiscal 2014 Second Quarter Results

- Consolidated revenue up 11% for the quarter and 9% year-to-date
- Consolidated segment profit up 16% for the quarter and 12% year-to-date
- Adjusted net income attributable to shareholders of \$26.8 million, up 10% in the quarter
- Adjusted basic earnings per share attributable to shareholders of \$0.32 per share, up 10% in the quarter
- Free cash flow of \$123.0 million year-to-date

(April 10, 2014 – Toronto, Canada) **Corus Entertainment Inc.** (TSX: CJR.B) announced its second quarter financial results today.

"We are already beginning to realize benefits from the integration of our newly acquired services; Historia, Séries+ and TELETOON. In the second quarter, our acquisitions drove significant segment profit and margin growth in our Television business, delivering immediately accretive earnings per share and free cash flow," said John Cassaday, President and Chief Executive Officer of Corus Entertainment. "While our merchandising business faced tough year-over-year comparables in the quarter and Radio continues to be challenged, we are excited about the opportunities that our newly acquired assets, combined with the continued strength of our core brands, bring to the business."

Financial Highlights

| (unaudited - in thousands of Canadian dollars except per share amounts) | Three months ended February 28, | | Six months ended February 28, | |
|---|---|---------------------|---|---------------------|
| | 2014 | 2013 ⁽³⁾ | 2014 | 2013 ⁽³⁾ |
| Revenues | | | | |
| Television | 152,101 | 132,343 | 330,050 | 289,965 |
| Radio | 39,312 | 40,277 | 87,368 | 92,601 |
| | 191,413 | 172,620 | 417,418 | 382,566 |
| Segment profit⁽¹⁾ | | | | |
| Television | 58,034 | 48,110 | 140,558 | 118,632 |
| Radio | 8,470 | 9,654 | 24,307 | 28,610 |
| Corporate | (7,222) | (6,802) | (13,307) | (11,763) |
| | 59,282 | 50,962 | 151,558 | 135,479 |
| Net income attributable to shareholders | 6,116 | 5,944 | 157,007 | 58,103 |
| Adjusted net income attributable to shareholders ^{(1) (2)} | 26,780 | 24,432 | 81,957 | 76,591 |
| Basic earnings per share | \$ 0.07 | \$ 0.07 | \$ 1.85 | \$ 0.70 |
| Adjusted basic earnings per share ^{(1) (2)} | \$ 0.32 | \$ 0.29 | \$ 0.97 | \$ 0.92 |
| Diluted earnings per share | \$ 0.07 | \$ 0.07 | \$ 1.85 | \$ 0.69 |
| Free cash flow⁽¹⁾ | 73,405 | 39,785 | 123,041 | 79,609 |

⁽¹⁾ Adjusted net income attributable to shareholders, adjusted basic earnings per share, segment profit, segment profit margin and free cash flow do not have standardized meanings prescribed by IFRS. The Company reports on segment profit, segment profit margin 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 2014 Report to Shareholders.

⁽²⁾ For the three months ended February 28, 2014, excludes radio broadcast license impairment charges of \$8.0 million (\$0.07 per share), business acquisition, integration and restructuring costs of \$18.7 million (\$0.20 per share) and a decrease in the purchase price obligation of \$2.1 million (\$0.02 per share). For the six month period ended February 28, 2014, excludes the impact of a \$127.9 million (\$1.51 per share) gain on remeasurement to fair value of the Company's 50% interest in TELETOON which was held prior to consolidation on September 1, 2013, radio broadcast license impairment charges of \$8.0 million (\$0.07 per share), business acquisition, integration and restructuring costs of \$40.7 million (\$0.46 per share), an increase in the purchase price obligation of \$5.3 million (\$0.06 per share), and investment impairment related charges of \$3.3 million (\$0.04 per share). For the three and six month periods ended February 28, 2013, excludes the impact of debt refinancing costs of \$25.0 million (\$0.22 per share).

⁽³⁾ Prior period figures have been restated to reflect the changes in accounting standards described in note 3 to the interim condensed consolidated financial statements contained in the 2014 Report to Shareholders.

Consolidated Results from Operations

For fiscal 2014, the operating results of TELETOON Canada Inc. ("TELETOON"), as well as its assets and liabilities, have been fully consolidated effective September 1, 2013 as a consequence of meeting the definition of control under IFRS 10 - *Consolidated Financial Statements*. Accordingly, a business combination had occurred in accordance with IFRS 3 - *Business Combinations* and as a result, TELETOON must be accounted for by applying the acquisition method. On December 20, 2013, the Company received Canadian Radio-television and Telecommunications Commission ("CRTC") approval to complete the acquisition of the remaining 50% interest in TELETOON that it did not already own as well as the acquisition of Historia and Séries+, s.e.n.c. ("H&S"). These acquisitions closed on January 1, 2014. On January 24, 2014, the CRTC approved the Company's acquisition of the Ottawa-based radio stations (CKQB-FM and CJOT-FM) and the transaction closed on January 31, 2014. As a result of these business combinations, the Company's consolidated results for fiscal 2014 reflect 100% interest in TELETOON effective September 1, 2013, 100% interest in H&S effective January 1, 2014, and 100% interest in the two Ottawa radio stations effective January 31, 2014 (refer to note 17 of the interim condensed consolidated financial statements for further details on all acquisitions).

For fiscal 2013, as a result of retroactive application of IFRS 11 - *Joint Arrangements*, the Company is no longer permitted to proportionately consolidate its 50% equity interest in the operations of TELETOON up to August 31, 2013 (i.e. prior to the business combination on September 1, 2013) and is required to account for its investment using the equity method of accounting. As a consequence, the Television revenues and segment profit for the second quarter of fiscal 2013 were reduced by \$11.1 million and \$3.7 million, respectively and instead, Corus' share of TELETOON's net income of \$2.7 million was reported as *Other expense (income)* in the Consolidated Statements of Income and Comprehensive Income. For the six months ended February 28, 2013, the Television revenues and segment profit were reduced by \$27.3 million and \$11.9 million, respectively, and Corus' share of TELETOON's net income of \$8.7 million was reported as *Other expense (income)* in the Consolidated Statements of Income and Comprehensive Income. The restatement did not change reported net income for fiscal 2013.

Consolidated revenues for the three months ended February 28, 2014 were \$191.4 million, up 11% from \$172.6 million last year. Consolidated segment profit was \$59.3 million, up 16% from \$51.0 million last year. Net income attributable to shareholders for the quarter was \$6.1 million (\$0.07 basic and diluted per share), compared to \$5.9 million (\$0.07 basic and diluted per share) last year. Net income attributable to shareholders for the second quarter includes radio broadcast license impairment charges of \$8.0 million, business acquisition, integration and restructuring costs of \$18.7 million and a decrease in the purchase price obligation of \$2.1 million related to the acquisition of control of TELETOON. Removing the impact of these items results in an adjusted net income of \$26.8 million (\$0.32 per share) in the quarter. Net income attributable to shareholders for the prior year quarter includes a pre-tax charge for debt refinancing of \$25.0 million. Removing the impact of this item results in an adjusted net income attributable to shareholders of \$24.4 million (\$0.29 per share) in the prior year quarter.

Consolidated revenues for the six months ended February 28, 2014 were \$417.4 million, up 9% from \$382.6 million last year. Consolidated segment profit was \$151.6 million, up 12% from \$135.5 million last year. Net income attributable to shareholders for the six months ended February 28, 2014 was \$157.0 million (\$1.85 per share basic and diluted) compared to \$58.1 million (\$0.70 per share basic and \$0.69 per share diluted) last year. Net income attributable to shareholders for the six months ended February 28, 2014 includes a non-cash gain of \$127.9 million resulting from the remeasurement to fair value of the Company's 50% interest in TELETOON which was held prior to consolidation on September 1, 2013, radio broadcast license impairment charges of \$8.0 million, business acquisition, integration and restructuring costs of \$40.7 million, an increase in the purchase price obligation of \$5.3 million and investment impairment related charges of \$3.3 million. Removing the impact of these items results in an adjusted net income of \$82.0 million (\$0.97 per share) for the current year to date. Removing the impact of the prior year pre-tax charge for debt refinancing of \$25.0 million results in an adjusted net income attributable to shareholders of \$76.6 million (\$0.92 per share) in the prior year to date.

Operational Results - Highlights

Television

- Fiscal 2014 reflects consolidation of 100% interest in TELETOON effective September 1, 2013 and 100% interest in Historia and Séries+ effective January 1, 2014; Fiscal 2013 was retroactively restated to apply IFRS 11 – *Joint Arrangements*, resulting in equity accounting for Corus' 50% economic interest in TELETOON (i.e. prior to the business combination on September 1, 2013)
- Segment revenues increased 15% in Q2 2014 and 14% year-to-date
- Specialty advertising revenues increased 38% in Q2 2014 and 36% year-to-date
- Subscriber revenues increased 23% in Q2 2014 and 18% year-to-date
- Merchandising, distribution and other revenues declined 38% in Q2 2014 and 35% year-to-date
- Segment profit⁽¹⁾ increased 21% in Q2 2014 and 18% year-to-date
- Segment profit margin⁽¹⁾ of 38% in Q2 2014 and 43% year-to-date

Radio

- Fiscal 2014 reflects consolidation of 100% interest in two Ottawa-based radio stations, CKQB-FM and CJOT-FM, effective January 31, 2014
- Segment revenues decreased 2% in Q2 2014 and 6% year-to-date
- Segment profit⁽¹⁾ decreased 12% in Q2 2014 and 15% year-to-date
- Segment profit margin⁽¹⁾ of 22% in Q2 2014 and 28% year-to-date
- Radio broadcast license impairment charge of \$8.0 million recorded in Q2 2014

⁽¹⁾ Segment profit, segment profit margin and free cash flow do not have standardized meanings prescribed by IFRS. The Company reports on segment profit, segment profit margin 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 2014 Report to Shareholders.

Corus Entertainment Inc. reports in Canadian dollars.

The unaudited consolidated financial statements and accompanying notes for the three and six month periods ended February 28, 2014 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 April 10, 2014 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 local and international callers is 1.416.981.9095 and for North America is 1.800.410.1397. PowerPoint slides for the call will be posted 15 minutes prior to the start of the call and can be found on the Corus Entertainment website at www.corusent.com in the Investor Relations section.

Use of Non-GAAP Financial Measures

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

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

Caution Concerning Forward-Looking Statements

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 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 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.

About Corus Entertainment Inc.

Corus Entertainment Inc. is a Canadian-based media and entertainment company that creates, broadcasts and licenses content across a variety of platforms for audiences around the world. The Company's portfolio of multimedia offerings encompasses specialty television and radio with additional assets in pay television, television broadcasting, children's book publishing, children's animation and animation software. Corus' brands include YTV, TELETOON, ABC Spark, W Network, OWN: Oprah Winfrey Network (Canada), HBO Canada, Historia and Séries+, as well as Nelvana, Kids Can Press, Toon Boom and 39 radio stations including CKNW AM 980, 99.3 The FOX, Country 105, 630 CHED, Fresh FM London, JUMP! 106.9, Q107 and 102.1 the Edge. A publicly traded company, Corus is listed on the Toronto Stock Exchange (CJR.B). Experience Corus on the web at www.corusent.com.

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CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| (unaudited - in thousands of Canadian dollars) | As at February 28, 2014 | As at August 31, 2013 ⁽¹⁾ | As at September 1, 2012 ⁽¹⁾ |
|--|----------------------------|---|---|
| ASSETS | | | |
| Current | | | |
| Cash and cash equivalents | 42,285 | 81,266 | 19,198 |
| Accounts receivable | 209,648 | 164,302 | 163,345 |
| Promissory note receivable | — | 47,759 | — |
| Income taxes recoverable | 6,267 | 351 | 9,542 |
| Prepaid expenses and other | 12,605 | 16,392 | 12,619 |
| Total current assets | 270,805 | 310,070 | 204,704 |
| Tax credits receivable | 41,929 | 41,564 | 43,865 |
| Intangibles, investments and other assets | 43,210 | 42,975 | 42,390 |
| Investment in joint venture | — | 125,931 | 121,704 |
| Property, plant and equipment | 146,096 | 151,192 | 163,280 |
| Program and film rights | 300,178 | 232,587 | 229,306 |
| Film investments | 67,926 | 62,274 | 67,847 |
| Broadcast licenses | 989,435 | 515,036 | 520,770 |
| Goodwill | 999,991 | 646,045 | 646,045 |
| Deferred tax assets | 37,651 | 39,463 | 28,327 |
| | 2,897,221 | 2,167,137 | 2,068,238 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current | | | |
| Accounts payable and accrued liabilities | 228,326 | 164,443 | 177,367 |
| Purchase price obligations | 8,127 | — | — |
| Income taxes payable | — | — | 1,303 |
| Provisions | 5,199 | 3,941 | 2,322 |
| Total current liabilities | 241,652 | 168,384 | 180,992 |
| Long-term debt | 913,649 | 538,966 | 518,258 |
| Other long-term liabilities | 142,213 | 93,241 | 87,588 |
| Deferred tax liabilities | 254,451 | 145,713 | 145,310 |
| Total liabilities | 1,551,965 | 946,304 | 932,148 |
| Share capital | 949,991 | 937,183 | 910,005 |
| Contributed surplus | 8,012 | 7,221 | 7,835 |
| Retained earnings | 368,761 | 256,517 | 198,445 |
| Accumulated other comprehensive income (loss) | 3,835 | 1,653 | (812) |
| Total equity attributable to shareholders | 1,330,599 | 1,202,574 | 1,115,473 |
| Equity attributable to non-controlling interest | 14,657 | 18,259 | 20,617 |
| Total shareholders' equity | 1,345,256 | 1,220,833 | 1,136,090 |
| | 2,897,221 | 2,167,137 | 2,068,238 |

⁽¹⁾ Prior period figures have been restated to reflect the changes in accounting standards described in note 3 to the interim condensed consolidated financial statements contained in the 2014 Report to Shareholders.

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

| (unaudited - in thousands of Canadian dollars except per share amounts) | Three months ended February 28, | | Six months ended February 28, | |
|---|------------------------------------|---------------------|----------------------------------|---------------------|
| | 2014 | 2013 ⁽¹⁾ | 2014 | 2013 ⁽¹⁾ |
| Revenues | 191,413 | 172,620 | 417,418 | 382,566 |
| Direct cost of sales, general and administrative expenses | 132,131 | 121,658 | 265,860 | 247,087 |
| Depreciation and amortization | 5,533 | 7,495 | 11,268 | 13,901 |
| Interest expense | 12,604 | 13,271 | 21,874 | 25,403 |
| Broadcast license impairment | 8,000 | — | 8,000 | — |
| Debt refinancing | — | 25,033 | — | 25,033 |
| Business acquisition, integration and restructuring costs | 18,734 | — | 40,656 | — |
| Gain on acquisition | — | — | (127,884) | — |
| Other (income) expense, net | (1,006) | (3,138) | 8,705 | (8,667) |
| Income before income taxes | 15,417 | 8,301 | 188,939 | 79,809 |
| Income tax expense | 8,353 | 1,421 | 29,533 | 18,913 |
| Net income for the period | 7,064 | 6,880 | 159,406 | 60,896 |
| Net income attributable to: | | | | |
| Shareholders | 6,116 | 5,944 | 157,007 | 58,103 |
| Non-controlling interest | 948 | 936 | 2,399 | 2,793 |
| | 7,064 | 6,880 | 159,406 | 60,896 |
| Earnings per share attributable to shareholders: | | | | |
| Basic | \$ 0.07 | \$ 0.07 | \$ 1.85 | \$ 0.70 |
| Diluted | \$ 0.07 | \$ 0.07 | \$ 1.85 | \$ 0.69 |
| Net income for the period | 7,064 | 6,880 | 159,406 | 60,896 |
| Other comprehensive income (loss), net of tax: | | | | |
| Items that may be reclassified subsequently to income: | | | | |
| Unrealized foreign currency translation adjustment | 1,891 | 1,191 | 2,266 | 1,481 |
| Unrealized change in fair value of available-for-sale investments | (12) | 36 | 62 | 326 |
| Unrealized change in fair value of cash flow hedges | (146) | — | (146) | — |
| | 1,733 | 1,227 | 2,182 | 1,807 |
| Comprehensive income for the period | 8,797 | 8,107 | 161,588 | 62,703 |
| Comprehensive income attributable to: | | | | |
| Shareholders | 7,849 | 7,171 | 159,189 | 59,910 |
| Non-controlling interest | 948 | 936 | 2,399 | 2,793 |
| | 8,797 | 8,107 | 161,588 | 62,703 |

⁽¹⁾ Prior period figures have been restated to reflect changes in accounting standards described in note 3 to the interim condensed consolidated financial statements contained in the 2014 Report to Shareholders.

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| (unaudited - in thousands of Canadian dollars) | Share capital | Contributed surplus | Retained earnings | Accumulated other comprehensive income (loss) | Total equity attributable to shareholders | Non-controlling interest | Total equity |
|---|----------------|---------------------|-------------------|---|---|--------------------------|------------------|
| At August 31, 2013 | 937,183 | 7,221 | 256,517 | 1,653 | 1,202,574 | 18,259 | 1,220,833 |
| Comprehensive income | — | — | 157,007 | 2,182 | 159,189 | 2,399 | 161,588 |
| Dividends declared | — | — | (44,763) | — | (44,763) | (6,001) | (50,764) |
| Issuance of shares under stock option plan | 1,063 | (170) | — | — | 893 | — | 893 |
| Issuance of shares under dividend reinvestment plan | 11,745 | — | — | — | 11,745 | — | 11,745 |
| Share-based compensation expense | — | 961 | — | — | 961 | — | 961 |
| At February 28, 2014 | 949,991 | 8,012 | 368,761 | 3,835 | 1,330,599 | 14,657 | 1,345,256 |
| At August 31, 2012 | 910,005 | 7,835 | 198,445 | (812) | 1,115,473 | 20,617 | 1,136,090 |
| Comprehensive income | — | — | 58,103 | 1,807 | 59,910 | 2,793 | 62,703 |
| Dividends declared | — | — | (41,445) | — | (41,445) | (5,116) | (46,561) |
| Issuance of shares under stock option plan | 994 | (245) | — | — | 749 | — | 749 |
| Issuance of shares under dividend reinvestment plan | 13,515 | — | — | — | 13,515 | — | 13,515 |
| Shares repurchased | (708) | — | (756) | — | (1,464) | — | (1,464) |
| Share-based compensation expense | — | 732 | — | — | 732 | — | 732 |
| At February 28, 2013 | 923,806 | 8,322 | 214,347 | 995 | 1,147,470 | 18,294 | 1,165,764 |

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

| (unaudited - in thousands of Canadian dollars) | Three months ended | | Six months ended | |
|---|--------------------|---------------------|------------------|---------------------|
| | February 28, | | February 28, | |
| | 2014 | 2013 ⁽¹⁾ | 2014 | 2013 ⁽¹⁾ |
| OPERATING ACTIVITIES | | | | |
| Net income for the period | 7,064 | 6,880 | 159,406 | 60,896 |
| Add (deduct) non-cash items: | | | | |
| Depreciation and amortization | 5,533 | 7,495 | 11,268 | 13,901 |
| Broadcast license impairment | 8,000 | — | 8,000 | — |
| Amortization of program and film rights | 51,613 | 42,093 | 102,144 | 83,221 |
| Amortization of film investments | 5,143 | 3,501 | 9,055 | 9,708 |
| Deferred income taxes | 2,566 | (5,432) | 5,021 | (6,726) |
| Increase in purchase price obligation | (2,056) | — | 5,288 | — |
| Share-based compensation expense | 504 | 392 | 961 | 732 |
| Imputed interest | 4,109 | 2,628 | 7,145 | 5,153 |
| Tangible benefit obligation | 11,892 | — | 31,915 | — |
| Debt refinancing | — | 25,033 | — | 25,033 |
| Gain on acquisition | — | — | (127,884) | — |
| Other | 160 | (2,120) | 1,415 | (8,450) |
| Net change in non-cash working capital balances related to operations | 11,102 | 15,175 | (11,557) | (9,303) |
| Payment of program and film rights | (32,587) | (36,898) | (60,678) | (61,523) |
| Net additions to film investments | (3,682) | (18,160) | (13,748) | (34,234) |
| Decrease in restricted cash | 6,407 | — | — | — |
| Cash provided by operating activities | 75,768 | 40,587 | 127,751 | 78,408 |
| INVESTING ACTIVITIES | | | | |
| Additions to property, plant and equipment | (2,344) | (3,929) | (4,280) | (7,464) |
| Business combinations | (491,441) | — | (491,441) | — |
| Dividends from investment in joint venture | — | 2,861 | — | 7,751 |
| Net cash flows for intangibles, investments and other assets | (3,167) | (7,039) | (5,074) | (6,966) |
| Other | (55) | (236) | (122) | (324) |
| Cash used in investing activities | (497,007) | (8,343) | (500,917) | (7,003) |
| FINANCING ACTIVITIES | | | | |
| Increase (decrease) in bank loans | 373,065 | (39,910) | 373,065 | (29,925) |
| Issuance of notes | — | 550,000 | — | 550,000 |
| Financing fees | (587) | (8,607) | (587) | (8,607) |
| Issuance of shares under stock option plan | 757 | 749 | 893 | 749 |
| Shares repurchased | — | — | — | (1,464) |
| Dividends paid | (16,238) | (13,775) | (31,936) | (26,998) |
| Dividends paid to non-controlling interest | (1,933) | (803) | (6,001) | (5,116) |
| Other | (584) | (2,789) | (1,249) | (5,101) |
| Cash provided by financing activities | 354,480 | 484,865 | 334,185 | 473,538 |
| Net change in cash and cash equivalents during the period | (66,759) | 517,109 | (38,981) | 544,943 |
| Cash and cash equivalents, beginning of the period | 109,044 | 47,032 | 81,266 | 19,198 |
| Cash and cash equivalents, end of the period | 42,285 | 564,141 | 42,285 | 564,141 |

⁽¹⁾ Prior period figures have been restated to reflect changes in accounting standards described in note 3 to the interim condensed consolidated financial statements contained in the 2014 Report to Shareholders.

CORUS ENTERTAINMENT INC.
BUSINESS SEGMENT INFORMATION

(unaudited - in thousands of Canadian dollars)

Three months ended February 28, 2014

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

Three months ended February 28, 2013

| | Television ⁽²⁾ | Radio | Corporate | Consolidated |
|---|---------------------------|--------------|----------------|---------------|
| Revenues | 132,343 | 40,277 | — | 172,620 |
| Direct cost of sales, general and administrative expenses | 84,233 | 30,623 | 6,802 | 121,658 |
| Segment profit (loss)⁽¹⁾ | 48,110 | 9,654 | (6,802) | 50,962 |
| Depreciation and amortization | | | | 7,495 |
| Interest expense | | | | 13,271 |
| Debt refinancing | | | | 25,033 |
| Other expense (income), net | | | | (3,138) |
| Income before income taxes | | | | 8,301 |

Six months ended February 28, 2014

| | Television | Radio | Corporate | Consolidated |
|---|----------------|---------------|-----------------|----------------|
| Revenues | 330,050 | 87,368 | — | 417,418 |
| Direct cost of sales, general and administrative expenses | 189,492 | 63,061 | 13,307 | 265,860 |
| Segment profit (loss)⁽¹⁾ | 140,558 | 24,307 | (13,307) | 151,558 |
| Depreciation and amortization | | | | 11,268 |
| Interest expense | | | | 21,874 |
| Broadcast license impairment | | | | 8,000 |
| Business acquisition, integration and restructuring costs | | | | 40,656 |
| Gain on sale of associated company | | | | (127,884) |
| Other expense (income), net | | | | 8,705 |
| Income before income taxes | | | | 188,939 |

Six months ended February 28, 2013

| | Television ⁽²⁾ | Radio | Corporate | Consolidated |
|---|---------------------------|---------------|-----------------|----------------|
| Revenues | 289,965 | 92,601 | — | 382,566 |
| Direct cost of sales, general and administrative expenses | 171,333 | 63,991 | 11,763 | 247,087 |
| Segment profit (loss)⁽¹⁾ | 118,632 | 28,610 | (11,763) | 135,479 |
| Depreciation and amortization | | | | 13,901 |
| Interest expense | | | | 25,403 |
| Debt refinancing | | | | 25,033 |
| Other expense (income), net | | | | (8,667) |
| Income before income taxes | | | | 79,809 |

⁽¹⁾ Segment profit does not have a standardized meaning prescribed by IFRS. For definitions and explanations, see discussion under the Key Performance Indicators section of the 2014 Report to Shareholders.

⁽²⁾ Prior period figures have been restated to reflect the changes in accounting standards described in note 3 to the interim condensed consolidated financial statements contained in the 2014 Report to Shareholders.

Revenues by type

| | Three months ended | | Six months ended | |
|---------------------------------------|----------------------|-------------------------------------|----------------------|-------------------------------------|
| | February 28, 2014 | February 28, 2013 ⁽¹⁾ | February 28, 2014 | February 28, 2013 ⁽¹⁾ |
| Advertising | 87,870 | 75,021 | 211,242 | 182,514 |
| Subscriber fees | 83,562 | 68,204 | 162,677 | 137,616 |
| Merchandising, distribution and other | 19,981 | 29,395 | 43,499 | 62,436 |
| | 191,413 | 172,620 | 417,418 | 382,566 |

⁽¹⁾ Prior period figures have been restated to reflect the changes in accounting standards described in note 3 to the interim condensed consolidated financial statements contained in the 2014 Report to Shareholders.

Reconciliation of changes related to the retroactive adoption of IFRS 11 - *Joint Arrangements* in the consolidated statements of financial position, income and comprehensive income, and cash flows for the period indicated.

Consolidated Statements of Financial Position

(thousands of Canadian dollars)

| | August 31, 2013 | | | September 1, 2012 | | |
|--|---------------------|--------------------|------------------|---------------------|--------------------|------------------|
| | Originally Reported | IFRS 11 Adjustment | Restated | Originally Reported | IFRS 11 Adjustment | Restated |
| Assets | | | | | | |
| Cash and cash equivalents | 86,081 | (4,815) | 81,266 | 24,588 | (5,390) | 19,198 |
| Accounts receivable | 176,504 | (12,202) | 164,302 | 173,421 | (10,076) | 163,345 |
| Promissory note receivable | 47,759 | — | 47,759 | — | — | — |
| Income taxes recoverable | 341 | 10 | 351 | 9,542 | — | 9,542 |
| Prepaid expenses and other | 16,416 | (24) | 16,392 | 12,664 | (45) | 12,619 |
| Total current assets | 327,101 | (17,031) | 310,070 | 220,215 | (15,511) | 204,704 |
| Tax credits receivable | 41,564 | — | 41,564 | 43,865 | — | 43,865 |
| Intangibles, investments and other assets | 42,975 | — | 42,975 | 42,390 | — | 42,390 |
| Investments in joint ventures | — | 125,931 | 125,931 | — | 121,704 | 121,704 |
| Property, plant and equipment | 151,398 | (206) | 151,192 | 163,563 | (283) | 163,280 |
| Program and film rights | 289,181 | (56,594) | 232,587 | 271,244 | (41,938) | 229,306 |
| Film investments | 62,734 | (460) | 62,274 | 67,983 | (136) | 67,847 |
| Broadcast licenses | 563,771 | (48,735) | 515,036 | 569,505 | (48,735) | 520,770 |
| Goodwill | 674,393 | (28,348) | 646,045 | 674,393 | (28,348) | 646,045 |
| Deferred tax assets | 39,463 | — | 39,463 | 28,327 | — | 28,327 |
| | 2,192,580 | (25,443) | 2,167,137 | 2,081,485 | (13,247) | 2,068,238 |
| Liabilities and Shareholders' Equity | | | | | | |
| Accounts payable and accrued liabilities | 172,663 | (8,220) | 164,443 | 185,991 | (8,624) | 177,367 |
| Income taxes payable | — | — | — | — | 1,303 | 1,303 |
| Provisions | 3,941 | — | 3,941 | 2,322 | — | 2,322 |
| Total current liabilities | 176,604 | (8,220) | 168,384 | 188,313 | (7,321) | 180,992 |
| Long-term debt | 538,966 | — | 538,966 | 518,258 | — | 518,258 |
| Other long-term liabilities | 105,020 | (11,779) | 93,241 | 87,853 | (265) | 87,588 |
| Deferred tax liabilities | 151,157 | (5,444) | 145,713 | 150,971 | (5,661) | 145,310 |
| Total liabilities | 971,747 | (25,443) | 946,304 | 945,395 | (13,247) | 932,148 |
| Share capital | 937,183 | — | 937,183 | 910,005 | — | 910,005 |
| Contributed surplus | 7,221 | — | 7,221 | 7,835 | — | 7,835 |
| Retained earnings | 256,517 | — | 256,517 | 198,445 | — | 198,445 |
| Accumulated other comprehensive loss | 1,653 | — | 1,653 | (812) | — | (812) |
| Total equity attributable to shareholders | 1,202,574 | — | 1,202,574 | 1,115,473 | — | 1,115,473 |
| Equity attributable to non-controlling interest | 18,259 | — | 18,259 | 20,617 | — | 20,617 |
| Total shareholders' equity | 1,220,833 | — | 1,220,833 | 1,136,090 | — | 1,136,090 |
| | 2,192,580 | (25,443) | 2,167,137 | 2,081,485 | (13,247) | 2,068,238 |

Consolidated Statements of Income and Comprehensive Income

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

| | Three months ended February 28, 2013 | | | Six months ended February 28, 2013 | | |
|---|--------------------------------------|--------------------|--------------|------------------------------------|--------------------|---------------|
| | Originally Published | IFRS 11 Adjustment | Restated | Originally Published | IFRS 11 Adjustment | Restated |
| Revenues | 183,700 | (11,080) | 172,620 | 409,847 | (27,281) | 382,566 |
| Direct cost of sales, general and administrative expenses | 129,052 | (7,394) | 121,658 | 262,506 | (15,419) | 247,087 |
| Segment profit | 54,648 | (3,686) | 50,962 | 147,341 | (11,862) | 135,479 |
| Depreciation and amortization | 7,517 | (22) | 7,495 | 13,946 | (45) | 13,901 |
| Interest expense | 13,271 | — | 13,271 | 25,403 | — | 25,403 |
| Debt refinancing | 25,033 | — | 25,033 | 25,033 | — | 25,033 |
| Other expense (income), net | (426) | (2) | (428) | 80 | (11) | 69 |
| Income from joint ventures | — | (2,710) | (2,710) | — | (8,736) | (8,736) |
| Income before income taxes | 9,253 | (952) | 8,301 | 82,879 | (3,070) | 79,809 |
| Income tax expense | 2,373 | (952) | 1,421 | 21,983 | (3,070) | 18,913 |
| Net income for the period | 6,880 | — | 6,880 | 60,896 | — | 60,896 |
| Net income attributable to: | | | | | | |
| Shareholders | 5,944 | — | 5,944 | 58,103 | — | 58,103 |
| Non-controlling interest | 936 | — | 936 | 2,793 | — | 2,793 |
| | 6,880 | — | 6,880 | 60,896 | — | 60,896 |
| Earnings per share attributable to shareholders: | | | | | | |
| Basic | \$ 0.07 | — | \$ 0.07 | \$ 0.70 | — | \$ 0.70 |
| Diluted | \$ 0.07 | — | \$ 0.07 | \$ 0.69 | — | \$ 0.69 |
| Net income for the period | 6,880 | — | 6,880 | 60,896 | — | 60,896 |
| Other comprehensive income (loss), net of tax items that may be reclassified subsequently to income: | | | | | | |
| Unrealized foreign currency translation adjustment | 1,191 | — | 1,191 | 1,481 | — | 1,481 |
| Unrealized change in fair value of available-for-sale investments | 36 | — | 36 | 326 | — | 326 |
| | 1,227 | — | 1,227 | 1,807 | — | 1,807 |
| Comprehensive income for the period | 8,107 | — | 8,107 | 62,703 | — | 62,703 |
| Comprehensive income attributable to: | | | | | | |
| Shareholders | 7,171 | — | 7,171 | 59,910 | — | 59,910 |
| Non-controlling interest | 936 | — | 936 | 2,793 | — | 2,793 |
| | 8,107 | — | 8,107 | 62,703 | — | 62,703 |

Consolidated statements of Cash Flows

(in thousands of Canadian dollars)

| | Three months ended February 28, 2013 | | | Six months ended February 28, 2013 | | |
|---|--------------------------------------|--------------------|----------------|------------------------------------|--------------------|----------------|
| | Originally Published | IFRS 11 Adjustment | Restated | Originally Published | IFRS 11 Adjustment | Restated |
| Operating Activities | | | | | | |
| Net income for the period | 6,880 | — | 6,880 | 60,896 | — | 60,896 |
| Add (deduct) non-cash items: | | | | | | |
| Depreciation and amortization | 7,517 | (22) | 7,495 | 13,946 | (45) | 13,901 |
| Amortization of program and film rights | 46,908 | (4,815) | 42,093 | 92,601 | (9,380) | 83,221 |
| Amortization of film investment | 3,501 | — | 3,501 | 9,708 | — | 9,708 |
| Deferred income taxes | (5,432) | — | (5,432) | (6,726) | — | (6,726) |
| Share-based compensation expense | 392 | — | 392 | 732 | — | 732 |
| Imputed interest | 2,628 | — | 2,628 | 5,153 | — | 5,153 |
| Debt refinancing | 25,033 | — | 25,033 | 25,033 | — | 25,033 |
| Other | 590 | (2,710) | (2,120) | 286 | (8,736) | (8,450) |
| Net change in non-cash working capital balances related to operations | 19,587 | (4,412) | 15,175 | (9,546) | 243 | (9,303) |
| Payment of program and film rights | (39,806) | 2,908 | (36,898) | (67,432) | 5,909 | (61,523) |
| Net additions to film investment | (18,160) | — | (18,160) | (34,234) | — | (34,234) |
| Cash provided by operating activities | 49,638 | (9,051) | 40,587 | 90,417 | (12,009) | 78,408 |
| Investing Activities | | | | | | |
| Additions to property, plant and equipment | (3,930) | 1 | (3,929) | (7,472) | 8 | (7,464) |
| Dividends from investment in joint venture | — | 2,861 | 2,861 | — | 7,751 | 7,751 |
| Net cash flows for intangibles, investments and other assets | (7,039) | — | (7,039) | (6,966) | — | (6,966) |
| Other | (236) | — | (236) | (324) | — | (324) |
| Cash used in investing activities | (11,205) | 2,862 | (8,343) | (14,762) | 7,759 | (7,003) |
| Financing Activities | | | | | | |
| Increase in bank loans | (39,910) | — | (39,910) | (29,925) | — | (29,925) |
| Issuance of notes | 550,000 | — | 550,000 | 550,000 | — | 550,000 |
| Financing fees | (8,607) | — | (8,607) | (8,607) | — | (8,607) |
| Issuance of shares under stock option plan | 749 | — | 749 | 749 | — | 749 |
| Shares repurchased | — | — | — | (1,464) | — | (1,464) |
| Dividends paid | (13,775) | — | (13,775) | (26,998) | — | (26,998) |
| Dividends paid to non-controlling interest | (803) | — | (803) | (5,116) | — | (5,116) |
| Other | (2,789) | — | (2,789) | (5,101) | — | (5,101) |
| Cash provided by financing activities | 484,865 | — | 484,865 | 473,538 | — | 473,538 |
| Net change in cash and cash equivalents during the period | 523,298 | (6,189) | 517,109 | 549,193 | (4,250) | 544,943 |
| Cash and cash equivalents, beginning of the period | 50,483 | (3,451) | 47,032 | 24,588 | (5,390) | 19,198 |
| Cash and cash equivalents, end of the period | 573,781 | (9,640) | 564,141 | 573,781 | (9,640) | 564,141 |