Corus® ENTERTAINMENT

First Quarter 2013
Report to Shareholders

For the Three Months Ended November 30, 2012
(Unaudited)

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Highlights

Financial Highlights

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

(in thousands of Canadian dollars except per share amounts)	Three months ended November 30, 2012	2011
Revenues		
Television	**173,823**	185,027
Radio	**52,324**	51,864
	226,147	236,891
Segment profit [1]		
Television	**78,698**	80,495
Radio	**18,956**	16,402
Corporate	**(4,961)**	(5,683)
	92,693	91,214
Net income attributable to:		
Shareholders	**52,159**	50,548
Non-controlling interest	**1,857**	2,132
	54,016	52,680
Earnings per share attributable to shareholders:		
Basic	**$ 0.63**	$ 0.61
Diluted	**$ 0.62**	$ 0.61
Free cash flow [1]	**37,885**	24,059

[1] See definitions and discussion under Key Performance Indicators in MD&A.

Significant Events in the Quarter

- On September 23, 2012, the Company announced that its programming received 24 awards at the 64th Primetime Emmy® Awards. The award-winning series included HBO's *Game of Thrones, Game Change, Boardwalk Empire, Curb Your Enthusiasm, Girls* and *Veep* as well as Nickelodeon's *The Penguins of Madagascar: The Return of the Revenge of Dr. Blowhole*.
- On September 28, 2012, October 31, 2012 and November 30, 2012, the Company paid a monthly dividend of $0.079583 and $0.08 to holders of its Class A and Class B Shares, respectively.
- On October 9, 2012, the Company's subsidiary, Toon Boom, announced that the Academy of Television Arts and Sciences had awarded a 2012 Primetime Engineering Emmy® Award to Storyboard Pro, Toon Boom's flagship storyboarding software. These awards honour significantly improved or innovative engineering developments that materially affect the television medium.
- On October 11, 2012, the CRTC approved applications to amend the specialty broadcasting licenses of Mediaset Italia, TLN en Espanol and Sky TG24 Canada to indicate that they are third-language services. This change enhances their carriage status. These networks are owned and operated by TLN Telelatino Network Inc.

- On October 11, 2012, the CRTC dismissed a complaint by Allarco Entertainment 2008 Inc. which sought to prevent the marketing of Movie Central on an on demand basis and in a linear discount package, The Movie Club.
- On November 7, 2012, new copyright regulations were issued by the Governor in Council, which brought into force most of the provisions of Bill C-11, titled the *Copyright Modernization Act*.
- On November 7, 2012, the CRTC dismissed a complaint by Telus Communications Company that Corus was in breach of the Pay Television Regulations by launching its pay television service, Movie Central, as a digital platform under the brand Shaw Go Movie Central.
- On November 13, 2012, the Company's Kids Can Press won the 2012 Governor General's Literary Award for Children's Literature – Illustration for Isabelle Arsenault's *Virginia Wolf*. This is the fifth Governor General's Literary Award that Kids Can Press has received.
- On November 20, 2012, Corus Entertainment was named one of Greater Toronto's Top Employers for 2013.
- On November 29, 2012, the Company held its annual Investor Day and updated investors on its fiscal 2013 priorities. The Company also provided its fiscal 2013 guidance targets for consolidated segment profit of $293 million to $303 million and free cash flow in excess of $140 million.

Significant Events Subsequent to the Quarter

- On December 6, 2012, the Company's ABC Spark launched on Rogers Digital VIP service, broadening its exposure to the key Toronto advertising market and increasing its household distribution by 35%.
- On December 11, 2012, Corus Entertainment appeared at a CRTC public hearing regarding OWN: Oprah Winfrey Network's (Canada) compliance with its nature of service as a Category A specialty television service.
- On December 19, 2012, SeaWorld and the Company's Nelvana announced a Franklin and Friends partnership. Beginning January 2013, the new SeaWorld Kids brand and Nelvana team up to introduce kids and families to in-park Franklin characters, TV specials, books and merchandise.
- On December 20, 2012, content from the Company's Nelvana launched on Shaw Kids Club, a free on-demand service from Shaw Communications featuring access to popular children's content.
- On December 31, 2012, the Company paid a monthly dividend of $0.079583 and $0.08 to holders of its Class A and Class B Shares, respectively.
- On January 1, 2013, the Company's Nickelodeon (Canada) launched on Rogers Digital VIP service, which has increased the network's household distribution by 46%.
- On January 8, 2013, KidsCo, a venture owned by Corus Entertainment (49%) and NBCUniversal (51%), began broadcasting from Corus' state-of-the-art facility in Toronto. The international children's channel continues to be delivered to over 100 territories in 17 languages.
- On January 9, 2013, the Company announced that it is partnering with NBCUniversal to operate iVillage Canada and represent Canadian advertising inventory on iVillage's network sites, bolstering Corus' leadership position in the delivery of content and advertising solutions to the coveted female demographic.
- On January 14, 2013, the Company announced that its Board of Directors had approved a 6.25% increase in its annual dividend. The Company's monthly dividend for holders of its Class A and Class B Shares was increased to $0.084583 and $0.085, respectively, or $1.015 and $1.02, respectively, on an annual basis.

Management's Discussion and Analysis

Management's Discussion and Analysis of the financial position and results of operations for the three months ended November 30, 2012 is prepared at December 31, 2012. 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, 2012 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 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 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.

Overview of Consolidated Results

Net income attributable to shareholders for the first quarter 2013 was $52.2 million on revenues of $226.1 million, as compared to $50.5 million on revenues of $236.9 million in the prior year. Consolidated segment profit increased 2% from the prior year, with Television segment profit decreasing 2%, while Radio increased 16%. Further analysis is provided in the discussions of segmented results.

Revenues

Revenues from operations for the first quarter of fiscal 2013 were $226.1 million, a decrease of 5% from $236.9 million last year. Advertising and merchandising, distribution and other revenues decreased from the prior year by 1% and 23%, respectively, while subscriber revenues increased 1% in the quarter from the prior year. Revenues decreased by 6% for Television, while Radio revenues increased by 1% in the quarter. Refer to the discussion 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 first quarter of fiscal 2013 was $133.5 million, down 8% from $145.7 million in the prior year. This decrease resulted from lower costs in each reporting segment. Refer to the discussion of segmented results for additional analysis of expenses.

Depreciation and amortization

Depreciation and amortization expense of $6.4 million for the first quarter of fiscal 2013 is consistent with $6.2 million in the first quarter of fiscal 2012.

Interest expense

Interest expense of $12.1 million in the first quarter of fiscal 2013 was $1.3 million less than the prior year. This was a result of lower average bank debt balances in the first quarter of fiscal 2013. The effective interest rate on bank loans and notes for the three months ended November 30, 2012, was 7.1% compared to 6.8% in the prior year. The increase in the effective interest rates primarily reflects the higher proportion of total debt comprised of fixed rate debt (the Notes at 7.25%) relative to floating rate bank debt, as floating debt has been paid year over year.

Other expense, net

Other expense from operations for the three months ended November 30, 2012, was $0.5 million, which is comparable with $0.4 million in the prior year.

Income tax expense

The effective tax rate for the first quarter of fiscal 2013 was 26.6%, compared to the Company's 26.5% statutory rate.

Net income and earnings per share

Net income attributable to shareholders for the first quarter of fiscal 2013 was $52.2 million, up 3% from the prior year. Earnings per share attributable to shareholders for the first quarter of fiscal 2013 were $0.63 basic and $0.62 diluted compared with $0.61 basic and diluted last year.

The weighted average number of shares outstanding (basic) for the three months ended November 30, 2012, was 83,402,000 and has increased in the current year due to the issuance of stock options and the issuance of shares from treasury under the dividend reinvestment plan, offset slightly by shares repurchased under the Company's Normal Course Issuer Bid.

Other comprehensive income, net of tax

Other comprehensive income for the first quarter of fiscal 2013 was $0.6 million compared to $1.1 million in the prior year. This decrease of $0.5 million resulted from a lower unrealized foreign currency translation gain and an increase year over year on the unrealized change in fair value of available-for-sale investments.

Television

The Television division is comprised of: YTV; Treehouse; Nickelodeon (Canada); W Network; OWN: Oprah Winfrey Network (Canada); W Movies; Sundance Channel (Canada); 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, Euro World sport, Mediaset Italia, SkyTG 24, Teleninos, TLN En Espanol), DUSK (discontinued March 23, 2012), ABC Spark (launched March 26, 2012) and Cosmopolitan TV; and a 50% interest in TELETOON, TELETOON Retro (English and French) and Cartoon Network (Canada).

Financial Highlights

	Three months ended **November 30,**	
(thousands of Canadian dollars)	**2012**	2011
Revenues	**173,823**	185,027
Expenses	**95,125**	104,532
Segment profit[1]	**78,698**	80,495

[1] As defined in "Key Performance Indicators"

Revenues decreased by 6% in the first quarter of fiscal 2013, as growth of 1% in subscriber revenues was offset by a 3% decline in specialty advertising revenues and a 25% decline in merchandising, distribution and other revenues. The decrease in specialty advertising revenues was driven by continued softness in the Kids advertising market and lower ratings at CMT. Merchandising, distribution and other revenues declined as expected resulting in a difficult comparable given Beyblade's exceptionally strong results in the prior year. Movie Central (including HBO Canada) ended the quarter with 998,000 subscribers, up 22,000 from the fourth quarter of fiscal 2012.

Total expenses decreased by 9% in the first quarter of fiscal 2013, as both direct cost of sales (which includes amortization of program rights and film investments, and other cost of sales) and general and administrative expenses were down year-over-year. The decrease in direct cost of sales is a result of lower costs tied to our distribution and merchandising businesses and a decline of 2% in amortization of program rights. General and administrative expenses decreased 1% in the quarter, mainly due to the timing of marketing expenditures.

Segment profit decreased 2% in the first quarter of fiscal 2013, while segment profit margin increased to 45% from 44% last year. The improvement in segment profit margin is largely a result of rigorous cost controls and a reduced proportion of lower margin merchandising and distribution business in the quarter.

Radio

The Radio division is comprised of 37 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 **November 30,**	
(thousands of Canadian dollars)	**2012**	2011
Revenues	**52,324**	51,864
Expenses	**33,368**	35,462
Segment profit[1]	**18,956**	16,402

[1] As defined in "Key Performance Indicators"

Revenues for the first quarter of fiscal 2013 increased by 1% compared to the prior year. The revenue growth was driven by strong ratings and economic conditions in British Columbia and Alberta, offset by softness in Manitoba and Ontario.

Direct cost of sales, general and administrative expenses in the first quarter of fiscal 2013 decreased by 6% compared to the prior year. Variable expenses decreased by 5% in the quarter, primarily due to lower regulatory fees and the timing of copyright tariffs. Fixed costs, which represent a much higher proportion of the cost structure, decreased 7% in the quarter. This decrease was related to lower promotional spending and savings related to hockey broadcast rights.

Segment profit increased 16% in the quarter. The Radio division's segment profit margin increased from 32% in the prior year to 36% this quarter, primarily as a result of strong cost controls.

Corporate

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

Financial Highlights

	Three months ended **November 30,**	
(thousands of Canadian dollars)	**2012**	2011
Share-based compensation	**1,602**	1,075
Other general and administrative costs	**3,359**	4,608
	4,961	5,683

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. The increase in share-based compensation in the current year reflects a higher share price at the end of the current quarter compared to the prior year.

Other general and administrative costs are lower in the first quarter of fiscal 2013 as a result of a rebate on operating costs related to Corus Quay and an overall focus on cost controls.

Quarterly Consolidated Financial Information

Seasonal fluctuations

As discussed in Management's Discussion and Analysis for the year ended August 31, 2012, 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 consolidated financial statements for each of the eight most recent quarters ended November 30, 2012. 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, 2012.

(thousands of Canadian dollars, except per share amounts)

	Revenues [1]	Segment profit [1] [2]	Net income attributable to shareholders [1]	Earnings per share [1]	
				Basic	Diluted
2013					
1st quarter	**226,147**	**92,693**	**52,159**	**$ 0.63**	**$ 0.62**
2012					
4th quarter	195,624	60,862	23,341	$ 0.28	$ 0.28
3rd quarter	204,078	75,656	43,221	$ 0.52	$ 0.51
2nd quarter	205,683	62,247	31,571	$ 0.38	$ 0.38
1st quarter	236,891	91,214	50,548	$ 0.61	$ 0.61
2011					
4th quarter	200,193	56,479	27,670	$ 0.34	$ 0.33
3rd quarter	211,788	78,769	40,352	$ 0.49	$ 0.49
2nd quarter	191,076	59,978	27,291	$ 0.34	$ 0.34

(1) Reflects results for continuing operations in fiscal 2011

(2) As defined in "Key Performance Indicators"

Significant items causing variations in quarterly results

- Net income attributable to shareholders for the fourth quarter of fiscal 2012 was negatively impacted by a non-cash expense of $6.8 million ($0.08 per share) related to an increase in the Ontario long-term tax rate which was substantively enacted in the fourth quarter of fiscal 2012.

Risks and Uncertainties

There have been no material changes in any risks or uncertainties facing the Company since the year ended August 31, 2012.

Outlook

At its annual Investor Day on November 29, 2012, the Company updated investors on the Company's fiscal 2013 strategic priorities and provided near-term financial guidance for the 2013 fiscal year. In particular, the Company announced its fiscal 2013 guidance targets of consolidated segment profit of $293.0 million to $303.0 million, and free cash flow in excess of $140.0 million.

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

Financial Position

Total assets at November 30, 2012 and August 31, 2012 were $2.1 billion. The following discussion describes the significant changes in the consolidated statements of financial position since August 31, 2012.

Current assets at November 30, 2012 were $271.1 million, up $50.9 million from August 31, 2012. Cash and cash equivalents increased by $25.9 million. Refer to the discussion of cash flows in the next section.

Accounts receivable increased $32.6 million from year-end. The accounts receivable balance typically grows in the first and third quarters and decreases in the second quarter as a result of the broadcast revenue cycle. The Company carefully monitors the aging of its accounts receivable.

Tax credits receivable increased $1.7 million from year-end as a result of accruals related to film production net of tax credit receipts.

Intangibles, investments and other assets decreased $0.3 million from year-end, primarily as a result of amortization of intangible assets and dividends from associates offset by increases in investments.

Property, plant and equipment decreased $2.9 million from year-end, as depreciation expense exceeded additions for the first quarter of fiscal 2013.

Program and film rights increased $5.5 million from year-end, as additions of acquired rights of $51.2 million were offset by amortization of $45.7 million during the first quarter of fiscal 2013.

Film investments increased $1.7 million from year-end, as film spending (net of tax credit accruals) of $7.9 million was offset by film amortization of $6.2 million.

Broadcast licenses and goodwill remained consistent with August 31, 2012 balances.

Accounts payable and accrued liabilities increased $17.2 million from year-end, primarily as a result of higher accrued liabilities, interest payable on long-term debt and current program rights payable. Interest on the Notes is paid semi-annually, in February and August. The increase in accrued liabilities as a result of the interest payable on the Notes has been offset by reductions in compensation accruals.

Provisions decreased $0.7 million from year-end as a result of payments made relating to work-force reduction initiatives taken in late fiscal 2010 and the third quarter fiscal 2012.

Long-term debt at November 30, 2012 was $528.9 million, up $10.6 million from year-end as a result of a draw down on the bank debt.

Other long-term liabilities decreased by $4.5 million from year-end, primarily from decreases in long-term employee obligations as a result of a payment in stock based compensation during the quarter.

Share capital increased $6.1 million from year-end, as the issuance of shares from treasury under the Company's dividend reinvestment plan added $6.8 million to share capital and was offset by $0.7 million in costs related to shares repurchased under the normal course issuer bid.

Contributed surplus increased $0.3 million due to the issuance of stock options during the quarter.

Liquidity and Capital Resources

Cash flows

Overall, the Company's cash and cash equivalents position increased $25.9 million over the first three months of fiscal 2013. Free cash flow from operations for the first quarter of fiscal 2013 was $37.9 million, compared to free cash flow of $24.1 million in the prior year. This increase in free cash flow reflects higher cash from operating activities in the quarter. Refer to Key Performance Indicators for a reconciliation of free cash flow to consolidated statements of cash flows.

Cash provided by operating activities in first three months of fiscal 2013 was $40.8 million, compared to $26.5 million last year. The increase of $14.3 million arises from decreased spend on program rights and film investments of $7.8 million and $1.1 million, respectively, and lower working capital use of $12.3 million, offset by decreased net income from operations before non-cash items of $6.8 million.

Cash used in investing activities from operations in the first three months of fiscal 2013 was $3.6 million, compared to $2.4 million last year. The increase of $1.2 million in the current year is attributable to a decrease in net cash flows for intangibles, investments and other assets of $1.1 million as well as $0.2 million in additions to capital assets.

Cash used in financing activities in the first three months of fiscal 2013 was $11.3 million, compared to $22.0 million in the prior year. In the current year, the Company incurred $1.5 million relating to the repurchase of shares under the normal course issuer bid, increased bank debt by $10.0 million and paid $17.5 million in dividends. In the prior year, the Company repurchased $3.9 million of shares under the normal course issuer bid and paid $15.9 million in dividends.

Liquidity

As at November 30, 2012, the Company has available approximately $460.1 million under a revolving term credit facility that matures on February 11, 2016. Interest rates on the Company's facilities fluctuate with Canadian bankers' acceptances and LIBOR.

As at November 30, 2012, the Company had a cash balance of $50.5 million and a positive working capital balance. Management believes that cash flow from operations and existing credit facilities will provide the Company with sufficient financial resources to fund its operations for the next 12 months.

Net debt to segment profit

As at November 30, 2012, net debt was $478.4 million, down from $493.7 million at August 31, 2012. Net debt to segment profit at November 30, 2012 was 1.6 times compared to 1.7 times at August 31, 2012.

Contractual commitments

The Company has added no significant unfulfilled contractual obligations in the first quarter of fiscal 2013.

Outstanding Share Data

As at December 31, 2012, 3,432,292 Class A Voting Shares and 80,262,664 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 three months ended November 30, 2012 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, 2012, 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, a line of business, or for the consolidated Company. The Company believes this is an important measure as it allows the Company to evaluate the operating performance of its business segments 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; disputed regulatory fees; debt refinancing and certain other income and expenses (note 10 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 12 to the condensed interim consolidated financial statements.

Certain key performance indicators are not measurements in accordance with International Financial Reporting Standards ("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

	Three months ended **November 30,**	
(thousands of Canadian dollars)	**2012**	2011
Cash provided by (used in):		
Operating activities	**40,779**	26,451
Investing activities	**(3,557)**	(2,392)
	37,222	24,059
Add back: cash used for business combinations and strategic investments	**663**	—
Free cash flow	**37,885**	24,059

Net debt

(thousands of Canadian dollars)	**As at November 30, 2012**	As at August 31, 2012
Long-term debt	**528,898**	518,258
Cash and cash equivalents	**(50,483)**	(24,588)
Net debt	**478,415**	493,670

Net debt to segment profit

(thousands of Canadian dollars)	**As at November 30, 2012**	As at August 31, 2012
Net debt (numerator)	**478,415**	493,670
Segment profit (denominator)[1]	**291,458**	289,979
Net debt to segment profit	**1.6**	1.7

[1] Reflects aggregate amounts for the most recent four quarters, as detailed in the table in the "Quarterly Consolidated Financial Information" section of Management's Discussion and Analysis.

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 was included in note 3 in Corus' August 31, 2012 consolidated financial statements and Corus' note 3 in Corus' November 30, 2012 condensed consolidated financial statements.

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited - in thousands of Canadian dollars)	**As at November 30, 2012**	As at August 31, 2012
ASSETS		
Current		
Cash and cash equivalents	**50,483**	24,588
Accounts receivable	**206,036**	173,421
Income taxes recoverable	**—**	9,542
Prepaid expenses and other	**14,633**	12,664
Total current assets	**271,152**	220,215
Tax credits receivable	**45,571**	43,865
Intangibles, investments and other assets (note 4)	**42,067**	42,390
Property, plant and equipment	**160,691**	163,563
Program and film rights (note 5)	**276,743**	271,244
Film investments (note 6)	**69,684**	67,983
Broadcast licenses	**569,505**	569,505
Goodwill	**674,393**	674,393
Deferred tax assets	**29,318**	28,327
	2,139,124	2,081,485
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**203,214**	185,991
Income taxes payable	**16**	—
Provisions	**1,638**	2,322
Total current liabilities	**204,868**	188,313
Long-term debt (note 7)	**528,898**	518,258
Other long-term liabilities	**83,357**	87,853
Deferred tax liabilities	**150,714**	150,971
Total liabilities	**967,837**	945,395
SHAREHOLDERS' EQUITY		
Share capital (note 8)	**916,085**	910,005
Contributed surplus (note 8)	**8,175**	7,835
Retained earnings	**229,798**	198,445
Accumulated other comprehensive loss	**(232)**	(812)
Total equity attributable to shareholders	**1,153,826**	1,115,473
Equity attributable to non-controlling interest	**17,461**	20,617
Total shareholders' equity	**1,171,287**	1,136,090
	2,139,124	2,081,485

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 **November 30,** **2012**	2011
Revenues	**226,147**	236,891
Direct cost of sales, general and administrative expenses (note 9)	**133,454**	145,677
Depreciation and amortization	**6,429**	6,239
Interest expense (note 10)	**12,132**	13,427
Other expense, net (note 11)	**506**	447
Income before income taxes	**73,626**	71,101
Income tax expense (note 12)	**19,610**	18,421
Net income for the period	**54,016**	52,680
Net income attributable to:		
Shareholders	**52,159**	50,548
Non-controlling interest	**1,857**	2,132
	54,016	52,680
Earnings per share attributable to shareholders:		
Basic	**$ 0.63**	$ 0.61
Diluted	**$ 0.62**	$ 0.61
Net income for the period	**54,016**	52,680
Other comprehensive income, net of tax:		
Items that may be reclassified subsequently to income:		
Unrealized foreign currency translation adjustment	**290**	1,124
Unrealized change in fair value of available-for-sale investments	**290**	(74)
	580	1,050
Comprehensive income for the period	**54,596**	53,730
Comprehensive income attributable to:		
Shareholders	**52,739**	51,598
Non-controlling interest	**1,857**	2,132
	54,596	53,730

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 loss	Total equity attributable to shareholders	Non-controlling interest	Total equity
At August 31, 2012	910,005	7,835	198,445	(812)	1,115,473	20,617	1,136,090
Comprehensive income	—	—	52,159	580	52,739	1,857	54,596
Dividends declared	—	—	(20,050)	—	(20,050)	(5,013)	(25,063)
Issuance of shares under dividend reinvestment plan	6,788	—	—	—	6,788	—	6,788
Shares repurchased	(708)	—	(756)	—	(1,464)	—	(1,464)
Share-based compensation expense	—	340	—	—	340	—	340
At November 30, 2012	**916,085**	**8,175**	**229,798**	**(232)**	**1,153,826**	**17,461**	**1,171,287**

At August 31, 2011	882,679	10,299	143,717	(1,075)	1,035,620	19,200	1,054,820
Comprehensive income	—	—	50,548	1,050	51,598	2,132	53,730
Dividends declared	—	—	(17,950)	—	(17,950)	(4,223)	(22,173)
Issuance of shares under stock option plan	106	(20)	—	—	86	—	86
Issuance of shares under dividend reinvestment plan	6,282	—	—	—	6,282	—	6,282
Shares repurchased	(2,110)	—	(1,778)	—	(3,888)	—	(3,888)
Share-based compensation expense	—	293	—	—	293	—	293
At November 30, 2011	886,957	10,572	174,537	(25)	1,072,041	17,109	1,089,150

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited - in thousands of Canadian dollars)	Three months ended November 30, 2012	2011
OPERATING ACTIVITIES		
Net income for the period	**54,016**	52,680
Add (deduct) non-cash items:		
Depreciation and amortization	**6,429**	6,239
Amortization of program and film rights	**45,693**	47,055
Amortization of film investments	**6,207**	9,987
Deferred income taxes	**(1,294)**	1,362
Share-based compensation expense	**340**	293
Imputed interest	**2,525**	3,034
Other	**(304)**	(243)
Net change in non-cash working capital balances related to operations	**(29,133)**	(41,391)
Payment of program and film rights	**(27,626)**	(35,429)
Net additions to film investments	**(16,074)**	(17,136)
Cash provided by operating activities	**40,779**	26,451
INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(3,542)**	(3,370)
Net cash flows for intangibles, investments and other assets	**73**	1,131
Other	**(88)**	(153)
Cash used in investing activities	**(3,557)**	(2,392)
FINANCING ACTIVITIES		
Increase in bank loans	**9,985**	—
Issuance of shares under stock option plan	**—**	86
Shares repurchased	**(1,464)**	(3,888)
Dividends paid	**(13,223)**	(11,675)
Dividends paid to non-controlling interest	**(4,313)**	(4,223)
Other	**(2,312)**	(2,272)
Cash used in financing activities	**(11,327)**	(21,972)
Net change in cash and cash equivalents during the period	**25,895**	2,087
Cash and cash equivalents, beginning of the period	**24,588**	55,922
Cash and cash equivalents, end of the period	**50,483**	58,009

Supplemental cash flow disclosures (note 14)
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, 2012, 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, 2012, which are available at www.sedar.com and on the Company's website at www.corusent.com.

These interim condensed consolidated statements have been authorized for issue in accordance with a resolution of the Audit Committee, as delegated by the Board of Directors, on January 14, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These 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. These interim 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 12 *Income Taxes*

In December 2010, the IASB amended IAS 12 for the recovery of underlying assets measured at fair value and the impact on deferred taxes. The amendments provide a solution to the problem of assessing whether recovery would be through use or through sale when the asset is measured at fair value under IAS 40 *Investment Property*, by adding the presumption that the recovery would normally be through sale. The amendment also incorporates the remaining guidance in SIC-21 *Income Taxes – Recovery of Revalued Non-depreciable Assets*, as SIC-21 has been withdrawn. The effective date of the amendment is for annual periods beginning on or after January 1, 2012. The Company has assessed the impact of this amendment and there is no impact on its consolidated financial statements.

IAS 1 *Presentation of Financial Statements*

The IASB amended IAS 1 by revising how certain items are presented in other comprehensive income ("OCI"). Items within OCI that may be reclassified to income will be separated from items that will not. The standard is effective for fiscal years beginning on or after July 1, 2012 with early adoption permitted. The Company has adopted IAS 1 retrospectively and there are minimal disclosure differences.

Pending accounting changes

IFRS 9 *Financial Instruments*

In November 2009, the IASB issued IFRS 9, which covers classification and measurement as the first part of its project to replace IAS 39. In October 2010, the IASB also incorporated new accounting requirements for liabilities. The standard introduces new requirements for measurement and eliminates the current classification of loans and receivables, available-for-sale and held-to-maturity, currently in IAS 39. There are new requirements for the accounting of financial liabilities as well as a carryover of requirements from IAS 39. The Company does not anticipate early adoption and will adopt the standard when it is mandated by the IASB, which is in fiscal 2016. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

IFRS 10 *Consolidated Financial Statements*

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 supersedes SIC-12 *Consolidations – Special Purpose Entities* and replaces parts of IAS 27 *Consolidated and Separate Financial Statements*. The effective date of this amendment is for the Company's fiscal year commencing September 1, 2013. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

IFRS 11 *Joint Arrangements*

This new standard provides the accounting for joint arrangements, joint ventures and joint operations. The standard eliminates the use of the proportionate consolidation method to account for joint ventures. Joint ventures will be accounted for using the equity method of accounting while for a joint operation; the venture will recognize its share of the assets, liabilities, revenues and expenses of the joint operation. The new standard will be effective for Corus for its 2014 fiscal year and be applied retrospectively. Corus currently proportionately consolidates its jointly controlled entities. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

IFRS 12 *Disclosure of Interests in Other Entities*

IFRS 12 establishes disclosure requirements for interests in other entities such as subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interest in other entities. IFRS 12 replaces the previous disclosure requirements included in IAS 27 *Consolidated and Separate Financial Statements,* IAS 31 *Joint Ventures* and IAS 28 *Investment in Associates*. The effective date of this amendment is for the Company's fiscal year commencing September 1, 2013. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

IFRS 13 *Fair Value Measurement*

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. IFRS 13 defines fair value and establishes disclosures about fair value measurement. The effective date of this amendment is for the Company's fiscal year commencing September 1, 2013. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

IAS 28 *Investments in Associates and Joint Ventures*

The IASB also amended IAS 28, an existing standard, to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 12. The effective date of this amendment is for the Company's fiscal year commencing September 1, 2013. The Company is in the process of reviewing the impact of this change.

IAS 32 *Financial Instruments: Presentation* and IFRS 7 *Financial Instruments: Disclosures*

In December 2011, the IASB published *Offsetting Financial Assets and Financial Liabilities* and issued new disclosure requirements in IFRS 7 *Financial Instruments: Disclosures*. The effective date for the amendments to IAS 32 is for annual periods beginning on or after January 1, 2014. The effective date for the amendments to IFRS 7 is for annual periods beginning on or after January 1, 2013. The Company does not expect implementation of these amendments to have a significant impact on its disclosures or presentation.

(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, 2012	13,452	20,438	8,500	42,390
Increase (decrease) in investment	—	(278)	343	65
Amortization of intangible assets	(722)	—	—	(722)
Fair value adjustment	—	—	334	334
Balance - November 30, 2012	**12,730**	**20,160**	**9,177**	**42,067**

5. PROGRAM AND FILM RIGHTS

Balance - August 31, 2012	271,244
Net additions	51,192
Amortization	(45,693)
Balance - November 30, 2012	**276,743**

6. FILM INVESTMENTS

Balance - August 31, 2012	67,983
Net additions	7,908
Amortization	(6,207)
Balance - November 30, 2012	**69,684**

7. LONG-TERM DEBT

	As at November 30, 2012	As at August 31, 2012
Bank loans	**39,946**	29,965
Senior unsecured guaranteed notes	**500,000**	500,000
Unamortized financing fees	**(11,048)**	(11,707)
	528,898	518,258

Interest rates on the balance of the bank loans fluctuate with Canadian bankers’ acceptances and/or LIBOR. As at November 30, 2012, the weighted average interest rate on the outstanding bank loans and Notes was 7.1% (2012 – 6.6%). Interest on the bank loans and Notes averaged 7.1% for the first quarter of fiscal 2013 (2012 – 6.8%).

The banks hold as collateral a first ranking charge on all assets and undertakings of Corus and certain of Corus’ subsidiaries as designated under the credit agreement. Under the facility, the Company has undertaken to comply with financial covenants regarding a minimum interest coverage ratio and a maximum debt to cash flow ratio. Management has determined that the Company was in compliance with the covenants provided under the bank loans as at November 30, 2012.

On March 5, 2012, the Company's $500,000 credit facility with a syndicate of banks was amended. The principal amendments were to reduce interest margins applicable to floating interest rates and to extend the maturity date to February 11, 2016.

8. 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

The changes in the Class A Voting Shares and Class B Non-Voting Shares since August 31, 2012 are summarized as follows:

	Class A Voting Shares		Class B Non-Voting Shares		Total
	#	$	#	$	$
Balance as at August 31, 2012	3,434,292	26,595	79,924,384	883,410	910,005
Conversion of Class A Voting Shares to Class B Non-Voting Shares	(2,000)	(15)	2,000	15	—
Issuance of shares under dividend reinvestment plan	—	—	307,337	6,788	6,788
Shares repurchased	—	—	(64,104)	(708)	(708)
Balance as at November 30, 2012	**3,432,292**	**26,580**	**80,169,617**	**889,505**	**916,085**

Earnings per share

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

	Three months ended **November 30,** **2012**	2011
Net income attributable to shareholders (numerator)	**52,159**	50,548
Weighted average number of shares outstanding (denominator)		
Weighted average number of shares outstanding - basic	**83,402**	82,432
Effect of dilutive securities	**223**	290
Weighted average number of shares outstanding - diluted	**83,625**	82,722

The calculation of diluted earnings per share for the first quarter of fiscal 2013 excluded nil (2012 – 610,845) weighted average Class B Non-Voting Shares issuable under the Company's Stock Option Plan because these options were not "in-the-money".

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

Stock option plan

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

A summary of the changes to the stock options outstanding since August 31, 2012 is presented as follows:

	Number of options (#)	Weighted average exercise price per share ($)
Outstanding as at August 31, 2012	1,816,098	19.04
Granted	595,900	22.00
Outstanding as at November 30, 2012	**2,411,998**	**19.43**

Granted in 2013 and vesting in:	**2014**	**2015**	**2016**	**2017**
Fair value	$ 3.59	$ 3.57	$ 3.76	$ 3.43
Risk-free interest rate	1.4%	1.5%	1.5%	1.5%
Expected dividend yield	4.4%	4.4%	4.4%	4.4%
Expected share price volatility	28.9%	28.4%	29.4%	27.2%
Expected time until exercise (years)	5	6	6	7

Share-based compensation

The following table provides additional information on the employee stock options, PSUs, DSUs and RSUs as at:

	November 30, 2012	August 31, 2012
Outstanding employee stock options	**2,411,998**	1,816,098
Exercisable employee stock options	**1,316,487**	970,436
Outstanding PSUs	**895,261**	885,067
Outstanding DSUs	**642,309**	633,703
Outstanding RSUs	**138,057**	89,874

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

Share-based compensation expense recorded for the first quarter of 2013 in respect of these plans was $1,602 (2012 - $1,075). As at November 30, 2012, the value of the PSU, DSU and RSU units was $38,305 (August 31, 2012 - $37,240).

Dividend reinvestment plan

In fiscal 2013, the Company issued 307,337 Class B Non-Voting Shares, resulting in an increase in share capital of $6,788.

Normal course issuer bid

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

The shares purchased for cancellation since August 31, 2012 are as follows:

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

During the first quarter of fiscal 2013, the total cash consideration paid exceeded the carrying value of the shares repurchased by $756 (2012 - $1,778), which was charged to retained earnings.

9. DIRECT COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended **November 30,**	
	2012	2011
Amortization of program and film rights	**45,693**	47,055
Amortization of film investments	**6,207**	9,987
Other cost of sales	**10,275**	14,864
Employee costs	**37,572**	36,213
Other general and administrative	**33,707**	37,558
	133,454	145,677

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

10. INTEREST EXPENSE

	Three months ended **November 30,**	
	2012	2011
Interest on long-term debt	**9,227**	9,891
Imputed interest on long-term liabilities	**2,525**	3,034
Other	**380**	502
	12,132	13,427

11. OTHER EXPENSE (INCOME), NET

	Three months ended **November 30,**	
	2012	2011
Interest income	**(13)**	(43)
Foreign exchange losses	**73**	401
Share of earnings of associates	**(289)**	(227)
Other	**735**	316
	506	447

12. INCOME TAXES

The reconciliation of income taxes attributable to operations computed at the statutory rates to income tax expense for year-to-date fiscal 2013 and 2012 is as follows:

	Fiscal 2013		Fiscal 2012	
	$	**%**	$	%
Tax at combined federal and provincial rates	**19,518**	**26.5%**	19,078	26.8%
Miscellaneous differences	**92**	**0.1%**	(657)	(0.9%)
	19,610	**26.6%**	18,421	25.9%

13. BUSINESS SEGMENT INFORMATION

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

Television

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

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

Radio

The Radio division comprises 37 radio stations, situated primarily in urban high-growth centres in English Canada, with a concentration in the densely populated area of Southern Ontario. Revenues are derived from advertising aired over these stations.

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

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

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

Revenues and segment profit

Three months ended November 30, 2012

	Radio	Television	Corporate	Consolidated
Revenues	**52,324**	**173,823**	**—**	**226,147**
Direct cost of sales, general and administrative expenses	**33,368**	**95,125**	**4,961**	**133,454**
Segment profit (loss) [1]	**18,956**	**78,698**	**(4,961)**	**92,693**
Depreciation and amortization				**6,429**
Interest expense				**12,132**
Other expense, net				**506**
Income before income taxes				**73,626**

Three months ended November 30, 2011

	Radio	Television	Corporate	Consolidated
Revenues	51,864	185,027	—	236,891
Direct cost of sales, general and administrative expenses	35,462	104,532	5,683	145,677
Segment profit (loss) [1]	16,402	80,495	(5,683)	91,214
Depreciation and amortization				6,239
Interest expense				13,427
Other expense, net				447
Income before income taxes				71,101

[1] See definitions and discussion under Key Performance Indicators in MD&A.

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

Revenues are derived from the following areas:

	Three months ended November 30, **2012**	2011
Advertising	**117,894**	119,449
Subscriber fees	**74,981**	74,141
Merchandising, distribution and other	**33,272**	43,301
	226,147	236,891

14. CONSOLIDATED STATEMENT OF CASH FLOWS

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

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

	Three months ended November 30, **2012**	2011
Interest paid	**706**	1,429
Interest received	**13**	43
Income taxes paid	**12,770**	14,116

15. SUBSEQUENT EVENTS

On December 7, 2012, the Company made a commitment in an investment fund (the "Fund") that enables private negotiation of equity and equity related investments in opportunities in emerging digital media and consumer technology markets. The Company has committed up to $10 million U.S. dollars for investment in the Fund.