ENTERTAINMENT

Second Quarter 2013
Report to Shareholders

For the Three and Six Months Ended February 28, 2013
(Unaudited)

TABLE OF CONTENTS

Highlights

Financial Highlights

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

(in thousands of Canadian dollars except per share amounts)	Three months ended **February 28, 2013**	Three months ended February 29, 2012	Six months ended **February 28, 2013**	Six months ended February 29, 2012
Revenues				
Television	**143,423**	163,299	**317,246**	348,326
Radio	**40,277**	42,384	**92,601**	94,248
	183,700	205,683	**409,847**	442,574
Segment profit [1]				
Television	**51,796**	60,421	**130,494**	140,916
Radio	**9,654**	9,879	**28,610**	26,281
Corporate	**(6,802)**	(8,053)	**(11,763)**	(13,736)
	54,648	62,247	**147,341**	153,461
Net income attributable to shareholders	**5,944**	31,571	**58,103**	82,119
Adjusted net income attributable to shareholders [1] [2]	**24,432**	31,571	**76,591**	82,119
Basic earnings per share	**$ 0.07**	$ 0.38	**$ 0.70**	$ 0.99
Adjusted basic earnings per share [1] [2]	**$ 0.29**	$ 0.38	**$ 0.92**	$ 0.99
Diluted earnings per share	**$ 0.07**	$ 0.38	**$ 0.69**	$ 0.99
Free cash flow [1]	**45,974**	50,772	**83,859**	74,831

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

[2] Excludes the impact of debt refinancing costs of $25.0 million ($0.22 per share)

Significant Events in 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 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 the Corus facility in Toronto. The international children's channel is 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 of sites.
- 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 effective February 1, 2013.

- On January 24, 2013, the Company raised over $460,000 in support of United Way and its many charitable organizations across the country through donations, special events and corporate matching of employee online donations.
- On January 31, 2013, the Company paid a monthly dividend of $0.079583 and $0.08 to holders of its Class A and Class B Shares, respectively.
- On February 6, 2013, the Company won the prestigious award for Best Investor Relations by Sector - Leisure and Media, for the second year in a row at the IR Magazine Canada Awards 2013.
- On February 11, 2013, the Company announced that it closed its previously announced offering of Cdn $550.0 million principal amount of 4.25% senior unsecured guaranteed notes due 2020 (the "2020 Notes") and provided notice of its intention to redeem all of its Cdn $500.0 million principal amount of 7.25% senior unsecured guaranteed notes due 2017, effective March 16, 2013.
- On February 19, 2013, the Company, for the fifth year in a row, was named one of Canada's Best Diversity Employers for 2013 by Mediacorp Canada Inc.
- On February 28, 2013, the Company's Cdn $500.0 million credit facility was amended to extend the maturity date to February 11, 2017.
- On February 28, 2013, the Company paid a monthly dividend of $0.084583 and $0.085 to holders of its Class A and Class B Shares, respectively.

Significant Events Subsequent to the Quarter

- On March 4, 2013, the Company announced that its programming received a total of 21 awards from the Academy of Canadian Cinema and Television's Canadian Screen Awards.
- On March 4, 2013, the Company announced that it had entered into a number of agreements with Shaw Media and separately with Bell, certain of which are subject to Canadian Radio-television and Telecommunications Commission ("CRTC") approval, that extend Corus' portfolio of Radio assets into Ottawa, consolidate Corus' ownership of ABC Spark and TELETOON (English and French), and enable Corus to further expand into the growing French-language specialty television market with the acquisition of Historia and Séries+.
- On March 6, 2013, the Company's Bill Good (morning show host at Corus Radio Vancouver's CKNW AM 980) and Ed Mason (newscaster at Corus Radio Edmonton's 630 CHED) were each recognized with a 2013 RTDNA Lifetime Achievement Award.
- On March 15, 2013, the Company's OWN: Oprah Winfrey Network (Canada) maintained its status as a Category A specialty television service license following the release of the CRTC decision.
- On March 15, 2013, the Company received clearance from the Competition Bureau, with the issuance of the appropriate no action letter, to proceed with the transactions between Corus and Bell to acquire TELETOON, Historia and Séries+. Certain of these transactions remain subject to CRTC approval.
- On March 20, 2013, the Company's radio stations won three Crystal Awards which honour the best in radio creative.
- On March 21, 2013, the Company's radio stations won three Canadian Music and Broadcast Industry Awards including: two Station of the Year Awards and a Program Director of the Year Award.
- On March 28, 2013, the Company paid a monthly dividend of $0.084583 and $0.085 to holders of its Class A and Class B Shares, respectively.

Management's Discussion and Analysis

Management's Discussion and Analysis of the financial position and results of operations for the three and six months ended February 28, 2013 is prepared at March 31, 2013. 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 second quarter of fiscal 2013 was $5.9 million on revenues of $183.7 million, as compared to $31.6 million on revenues of $205.7 million in the prior year. Consolidated segment profit decreased 12% from the prior year, with decreases in Television of 14% and Radio of 2%.

Net income attributable to shareholders for the six month period ended February 28, 2013 was $58.1 million on revenues of $409.8 million, as compared to $82.1 million on revenues of $442.6 million in the prior year. Consolidated segment profit decreased 4% from the prior year, with Television down 7% and Radio up 9%. Further analysis is provided in the discussions of segmented results.

Revenues

Revenues from operations for the second quarter of fiscal 2013 were $183.7 million, a decrease of 11% from $205.7 million last year. Advertising, subscriber and merchandising, distribution and other revenues decreased from the prior year by 4%, 3% and 36%, respectively. Revenues decreased for Television by 12%, while Radio revenues decreased by 5% in the second quarter from the prior year. For the six month period ended February 28, 2013, revenues of $409.8 million represented a decrease of 7% from $442.6 million last year. Advertising, subscriber and merchandising, distribution and other revenues were down 2%, 1%, and 30%, respectively, for the year-to-date. Refer to the discussions of segmented results for additional analysis of revenues.

Direct cost of sales, general and administrative expenses

Direct cost of sales, general and administrative expenses for the second quarter of fiscal 2013 were $129.1 million, down 10% from $143.4 million in the prior year. This decrease resulted from lower costs in each reporting segment. For the six month period ended February 28, 2013, expenses of $262.5 million represented a 9% decrease over the prior year and are attributable to lower costs in all reporting segments. Refer to the discussions of segmented results for additional analysis of expenses.

Depreciation and amortization

Depreciation and amortization expense of $7.5 million for the second quarter of fiscal 2013 was up $0.9 million over the prior year, while for the six month period ended February 28, 2013, depreciation expense of $13.9 million represented a $1.0 million increase over the prior year as a result of additional amortization of intangibles.

Interest expense

Interest expense of $13.3 million in the second quarter of fiscal 2013 was $0.1 million less than the prior year; while interest for the six month period ended February 28, 2013 of $25.4 million was $1.4 million lower than the prior year. This was a result of lower average bank debt balances in the first half of fiscal 2013. The effective interest rate on bank loans and notes for the three and six months ended February 28, 2013 was 6.7% and 6.9%, compared to 6.8% for both comparative periods in the prior year.

Debt refinancing

In the second quarter of fiscal 2013, the Company issued $550.0 million in new Notes (the "2020 Notes"). Concurrently, the Company provided notice of its intention to redeem the existing $500.0 million Notes (the "2017 Notes") effective March 16, 2013. The notice of redemption on the 2017 Notes resulted in the Company recording a pre-tax debt refinancing cost of $25.0 million in the second quarter. The components of this cost include the early redemption premium of $18.1 million and the non-cash write-off of unamortized financing fees of $6.9 million.

Other (income) expense, net

Other income from operations for the second quarter of fiscal 2013 was $0.4 million compared to $1.6 million in the prior year. The difference relates to higher foreign exchange losses and lower equity earnings from investees in the current year. Other expense in the six months ended February 28, 2013 was $0.1 million compared to $1.2 million of income in the prior year. The difference relates to lower equity earnings from investees in the current year.

Income tax expense

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

Net income and earnings per share

Net income attributable to shareholders for the second quarter of fiscal 2013 was $5.9 million, as compared to $31.6 million last year. Earnings per share attributable to shareholders for the second quarter of fiscal 2013 were $0.07 basic and diluted compared with $0.38 basic and diluted last year. Net income for the current quarter includes a charge for debt refinancing of $25.0 million. Removing the impact of this item results in adjusted net income attributable to shareholders of $24.4 million ($0.29 per share).

Net income attributable to shareholders for the six month period ended February 28, 2013 was $58.1 million, as compared to $82.1 million last year. Earnings per share attributable to shareholders for the six month period were $0.70 basic and $0.69 diluted, compared with $0.99 basic and diluted in the prior year. Removing the impact of the $25.0 million debt refinancing charge results in adjusted net income attributable to shareholders of $76.6 million ($0.92 per share).

The weighted average number of shares outstanding (basic) for the three and six months ended February 28, 2013, were 83,457,000 and 83,550,000, respectively and have increased in the current year due to the issuance and exercise of stock options, the issuance of shares from treasury under the Company's dividend reinvestment plan offset slightly by shares repurchased under the Company's Normal Course Issuer Bid.

Other comprehensive income (loss), net of tax

Other comprehensive income year-to-date was $1.8 million, compared to $0.4 million in the prior year. This increase of $1.4 million resulted from a higher 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		Six months ended	
(thousands of Canadian dollars)	**February 28, 2013**	February 29, 2012	**February 28, 2013**	February 29, 2012
Revenues	**143,423**	163,299	**317,246**	348,326
Expenses	**91,627**	102,878	**186,752**	207,410
Segment profit [1]	**51,796**	60,421	**130,494**	140,916

[1] As defined in "Key Performance Indicators"

Revenues decreased by 12% in the second quarter of fiscal 2013, with declines in specialty advertising revenues of 2%, subscriber revenues of 3% and merchandising, distribution and other revenues of 39%. The decrease in specialty advertising revenues reflects revenue gains in the Women's vertical and ABC Spark offset by continued soft demand in the kids advertising market and lower ratings on CMT. Subscriber revenues were impacted by the discontinuation of DUSK in March of the prior year, a free preview period for ABC Spark in the current year, as well as package and rate changes on certain channels. Beyblade's Christmas season sales this year were down considerably from its breakout season last year and as a result, merchandising, distribution and other revenues declined in the second quarter, as expected. On a year-to-date basis, specialty advertising revenues were down 3%, subscriber revenues were down 1% and merchandising, distribution and other revenues were down 32% from the prior year. Movie Central (including HBO Canada) ended the quarter with 1,013,000 subscribers, up 37,000 year-to-date.

Total expenses decreased by 11% in the second quarter of fiscal 2013 and 10% year-to-date, 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 are down year-over-year. The decrease in direct cost of sales for both the quarter and year-to-date is a result of substantially lower costs tied to our distribution and merchandising businesses offset by amortization of program rights, which increased a modest 3% in the quarter and was flat on a year-to-date basis. General and administrative expenses decreased by 3% in the quarter and 2% year-to-date, mainly due to our continued focus on cost control.

Segment profit decreased 14% in the second quarter of fiscal 2013 and 7% year-to-date. Segment profit margin decreased in the quarter to 36% from 37% last year, however, on a year-to-date basis, segment profit margin has increased to 41% from 40%. The year-to-date improvement in segment profit margin is primarily a result of cost controls and a reduced proportion of the lower margin merchandising and distribution business.

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		Six months ended	
(thousands of Canadian dollars)	**February 28, 2013**	February 29, 2012	**February 28, 2013**	February 29, 2012
Revenues	**40,277**	42,384	**92,601**	94,248
Expenses	**30,623**	32,505	**63,991**	67,967
Segment profit [1]	**9,654**	9,879	**28,610**	26,281

[1] As defined in "Key Performance Indicators"

Revenues decreased in the second quarter of fiscal 2013 compared to the prior year by 5% and 2% for the year-to-date. The revenue softness in Manitoba and Ontario continued this quarter, offsetting strong ratings and economic conditions in British Columbia and Alberta.

Direct cost of sales, general and administrative expenses for the second quarter and year-to-date of fiscal 2013 decreased by 6% compared to the prior year. Variable expenses for the quarter were consistent with the prior year, yet decreased 3% for the year-to-date, driven by timing of copyright tariffs and sales commissions. Fixed costs, which represent a much higher proportion of the cost structure, decreased 8% in the quarter and 7% for the year-to-date. The decrease in fixed costs for the quarter and year-to-date was due largely to lower promotional spending and savings related to hockey broadcast rights.

Segment profit decreased 2% for the second quarter of fiscal 2013, but increased 9% for the year-to-date. The Radio division's margin increased to 24% compared to 23% in the prior year and increased to 31% from 28% on a year-to-date basis, 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		Six months ended	
(thousands of Canadian dollars)	**February 28, 2013**	February 29, 2012	**February 28, 2013**	February 29, 2012
Share-based compensation	**2,437**	2,441	**4,039**	3,516
Other general and administrative costs	**4,365**	5,612	**7,724**	10,220
	6,802	8,053	**11,763**	13,736

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. Share-based compensation in the second quarter was comparable to the prior year. Higher year-to-date share-based compensation reflects a higher share price at the end of the quarter compared to the prior year.

Other general and administrative costs are lower in the second quarter of fiscal 2013 as a result of lower short-term compensation plan expense in the current year's quarter compared to the prior year and an overall focus on cost controls. Year-to-date costs are down as a result of a rebate on operating costs related to Corus Quay and lower short-term compensation plan expense.

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 February 28, 2013. 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]

				Earnings per share (1)	
	Revenues (1)	**Segment profit(1) (2)**	**Net income attributable to shareholders (1)**	**Basic**	**Diluted**
2013					
2nd quarter	**183,700**	**54,648**	**5,944**	**$ 0.07**	**$ 0.07**
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

(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 second quarter of fiscal 2013 was negatively impacted by the early redemption of all of the 7.25% Senior Unsecured Guaranteed Notes that were due on February 10, 2017. A debt refinancing charge of $25.0 million ($0.22 per share) was recorded to reflect the redemption premium and the write-off of unamortized financing charges related to the 2017 Notes.
- 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 provided financial guidance for the 2013 fiscal year of consolidated segment profit of $293.0 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 February 28, 2013 and August 31, 2012 were $2.7 billion and $2.1 billion, respectively. The following discussion describes the significant changes in the consolidated statements of financial position since August 31, 2012.

Current assets at February 28, 2013 were $778.6 million, up $558.4 million from August 31, 2012. Cash and cash equivalents increased by $549.2 million. Refer to the discussion of cash flows in the next section.

Accounts receivable increased $8.4 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 $1.9 million from year-end as a result of accruals related to film production net of tax credit receipts.

Intangibles, investments and other assets decreased $3.0 million from year-end, as a result of the reclassification of our interest in the Food Network of $9.9 million as assets held-for-sale. The decrease is offset by net increases in investments and dividends received from associates.

Property, plant and equipment decreased $6.5 million from year-end, as depreciation expense exceeded additions for the first six months of fiscal 2013.

Program and film rights increased $3.5 million from year-end, as additions of acquired rights of $96.1 million were offset by amortization of $92.6 million during the first six months of fiscal 2013.

Film investments increased $11.4 million from year-end, as film spending (net of tax credit accruals) of $21.0 million was offset by film amortization of $9.7 million.

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

Accounts payable and accrued liabilities increased $5.7 million from year-end, as a result of higher current program rights payable and dividends payable, offset by lower accrued liabilities and financing leases payable. The decrease in accrued liabilities as a result of reductions in compensation accruals has been offset by increases in merchandising third-party participations.

Provisions decreased $1.1 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 of fiscal 2012.

Current portion of long-term debt at February 28, 2013 was $518.1 million as a result of the reclassification of the 2017 Notes of $500.0 million and the accrual of the optional redemption premium of $18.1 million.

Long-term debt at February 28, 2013 was $538.0 million, up $19.7 million from year-end, primarily as a result of the 2020 Notes issuance of $550.0 million, offset by the reclassification to short-term liabilities of the 2017 Notes of $500.0 million from the exercise of the optional redemption feature and a repayment on the bank debt.

Other long-term liabilities increased by $0.3 million from year-end, primarily from increases in long-term program rights payable, offset by decreases in financing leases payable.

Share capital increased $13.8 million from year-end, as the issuance of shares from treasury under the Company's dividend reinvestment plan and exercise of stock options added $13.5 million and $1.0 million, respectively, to share capital that was offset by $0.7 million in costs related to shares repurchased under the Company's Normal Course Issuer Bid.

Contributed surplus increased $0.5 million due to the issuance of stock options during the first quarter.

Liquidity and Capital Resources

Cash flows

Overall, the Company's cash and cash equivalents position increased $549.2 million over the first six months of fiscal 2013. This large increase over the prior year results from the issuance of the 2020 Notes of $550.0 million prior to the repayment of the 2017 Notes of $500.0 million. Free cash flow from operations for the first six months of fiscal 2013 was $83.9 million, compared to free cash flow of $74.8 million in the prior year. This increase in free cash flow primarily reflects higher cash from operating activities in the quarter. Refer to Key Performance Indicators for a reconciliation of free cash flow to the consolidated statements of cash flows.

Cash provided by operating activities in the first six months of fiscal 2013 was $90.4 million, compared to $80.0 million last year. The increase of $10.4 million arises from decreased spend on program rights and additions to film investments of $18.7 million, lower working capital use of $11.2 million, offset by decreased net income from operations before non-cash items of $19.5 million.

Cash used in investing activities from operations in the first six months of fiscal 2013 was $14.7 million, compared to $7.4 million last year. The increase of $7.3 million in the current year is attributable to an increase in net cash flows for intangibles, investments and other assets of $7.9 million, offset by a decrease of $0.6 million in additions to capital assets.

Cash provided by financing activities in the first six months of fiscal 2013 was $473.5 million, compared to a use of $63.0 million in the prior year. In the current year, the Company issued the 2020 Notes of $550.0 million and paid down bank debt by $29.9 million, which was offset by $1.5 million relating to the repurchase of shares under its Normal Course Issuer Bid and payments of $32.1 million in dividends. In the prior year, the Company decreased bank debt by $34.7 million, repurchased $3.9 million of shares under its Normal Course Issuer Bid and paid $28.2 million in dividends.

Liquidity

As at February 28, 2013, the Company had available approximately $500.0 million under a revolving term credit facility that matures on February 11, 2017. Interest rates on the Company's facilities fluctuate with Canadian bankers' acceptances and LIBOR.

As at February 28, 2013, the Company had a cash balance of $573.8 million and a positive working capital balance. Management believes that cash flow from operations and existing credit facilities will provide the Company with sufficient financial resources to fund its operations for the next 12 months.

Net debt to segment profit

As at February 28, 2013, net debt was $482.3 million, down from $493.7 million at August 31, 2012. Net debt to segment profit at February 28, 2013 was 1.7 times, consistent with August 31, 2012.

Contractual commitments

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

Outstanding Share Data

As at March 31, 2013, 3,430,292 Class A Voting Shares and 80,591,249 Class B Non-Voting Shares were issued and outstanding.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred in the six months ended February 28, 2013 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 11 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 13 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		Six months ended	
(thousands of Canadian dollars)	**February 28, 2013**	February 29, 2012	**February 28, 2013**	February 29, 2012
Cash provided by (used in):				
Operating activities	**49,638**	53,568	**90,417**	80,019
Investing activities	**(11,205)**	(5,001)	**(14,762)**	(7,393)
	38,433	48,567	**75,655**	72,626
Add back: cash used for business combinations and strategic investments	**7,541**	2,205	**8,204**	2,205
Free cash flow	**45,974**	50,772	**83,859**	74,831

Adjusted net income and adjusted basic earnings per share reconciliation

	Three months ended		Six months ended	
(thousands of Canadian dollars, except per share amounts)	**February 28, 2013**	February 29, 2012	**February 28, 2013**	February 29, 2012
Net income attributable to shareholders [1]	**5,944**	31,571	**58,103**	82,119
Add back: debt refinancing costs related to issuance of $550.0 million of Senior Unsecured Guaranteed Notes, net of tax at 26.15%	**18,488**	—	**18,488**	—
Adjusted net income attributable to shareholders	**24,432**	31,571	**76,591**	82,119
Basic earnings per share	**$0.07**	$0.38	**$0.70**	$0.99
Add back: debt refinancing costs related to issuance of $550.0 million of Senior Unsecured Guaranteed Notes, net of tax at 26.15%	**$0.22**	—	**$0.22**	—
Adjusted basic earnings per share	**$0.29**	$0.38	**$0.92**	$0.99

Net debt

(thousands of Canadian dollars)	**As at February 28, 2013**	As at August 31, 2012
Long-term debt	**1,056,082**	518,258
Cash and cash equivalents	**(573,781)**	(24,588)
Net debt	**482,301**	493,670

Net debt to segment profit

(thousands of Canadian dollars)	**As at February 28, 2013**	As at August 31, 2012
Net debt (numerator)	**482,301**	493,670
Segment profit (denominator)[1]	**283,859**	289,979
Net debt to segment profit	**1.7**	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 note 3 in Corus’ February 28, 2013 condensed consolidated financial statements.

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited - in thousands of Canadian dollars)	**As at February 28, 2013**	As at August 31, 2012
ASSETS		
Current		
Cash and cash equivalents	**573,781**	24,588
Accounts receivable	**181,842**	173,421
Income taxes recoverable	**961**	9,542
Prepaid expenses and other	**12,134**	12,664
Asset held-for-sale (notes 4 and 15)	**9,881**	—
Total current assets	**778,599**	220,215
Tax credits receivable	**45,799**	43,865
Intangibles, investments and other assets (note 4)	**39,361**	42,390
Property, plant and equipment	**157,070**	163,563
Program and film rights (note 5)	**274,749**	271,244
Film investments (note 6)	**79,382**	67,983
Broadcast licenses	**569,505**	569,505
Goodwill	**674,393**	674,393
Deferred tax assets	**35,096**	28,327
	2,653,954	2,081,485
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**191,672**	185,991
Provisions	**1,198**	2,322
Current portion of long-term debt (note 7)	**518,125**	—
Total current liabilities	**710,995**	188,313
Long-term debt (note 7)	**537,957**	518,258
Other long-term liabilities	**88,167**	87,853
Deferred tax liabilities	**151,071**	150,971
Total liabilities	**1,488,190**	945,395
SHAREHOLDERS' EQUITY		
Share capital (note 8)	**923,806**	910,005
Contributed surplus (note 8)	**8,322**	7,835
Retained earnings	**214,347**	198,445
Accumulated other comprehensive income (loss)	**995**	(812)
Total equity attributable to shareholders	**1,147,470**	1,115,473
Equity attributable to non-controlling interest	**18,294**	20,617
Total shareholders' equity	**1,165,764**	1,136,090
	2,653,954	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 **February 28, 2013**	Three months ended February 29, 2012	Six months ended **February 28, 2013**	Six months ended February 29, 2012
Revenues	**183,700**	205,683	**409,847**	442,574
Direct cost of sales, general and administrative expenses (note 9)	**129,052**	143,436	**262,506**	289,113
Depreciation and amortization	**7,517**	6,653	**13,946**	12,892
Interest expense (note 10)	**13,271**	13,410	**25,403**	26,837
Debt refinancing	**25,033**	—	**25,033**	—
Other (income) expense, net (note 11)	**(426)**	(1,617)	**80**	(1,170)
Income before income taxes	**9,253**	43,801	**82,879**	114,902
Income tax expense (note 12)	**2,373**	10,262	**21,983**	28,683
Net income for the period	**6,880**	33,539	**60,896**	86,219
Net income attributable to:				
Shareholders	**5,944**	31,571	**58,103**	82,119
Non-controlling interest	**936**	1,968	**2,793**	4,100
	6,880	33,539	**60,896**	86,219
Earnings per share attributable to shareholders:				
Basic	**$ 0.07**	$ 0.38	**$ 0.70**	$ 0.99
Diluted	**$ 0.07**	$ 0.38	**$ 0.69**	$ 0.99
Net income for the period	**6,880**	33,539	**60,896**	86,219
Other comprehensive income (loss), net of tax:				
Items that may be reclassified subsequently to income:				
Unrealized foreign currency translation adjustment	**1,191**	(587)	**1,481**	537
Unrealized change in fair value of available-for-sale investments	**36**	(17)	**326**	(91)
	1,227	(604)	**1,807**	446
Comprehensive income for the period	**8,107**	32,935	**62,703**	86,665
Comprehensive income attributable to:				
Shareholders	**7,171**	30,967	**59,910**	82,565
Non-controlling interest	**936**	1,968	**2,793**	4,100
	8,107	32,935	**62,703**	86,665

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited - in thousands of Canadian dollars)	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total equity attributable to shareholders	Non-controlling interest	Total equity
At August 31, 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**
At August 31, 2011	882,679	10,299	143,717	(1,075)	1,035,620	19,200	1,054,820
Comprehensive income	—	—	82,119	446	82,565	4,100	86,665
Dividends declared	—	—	(37,968)	—	(37,968)	(4,423)	(42,391)
Issuance of shares under stock option plan	11,448	(3,111)	—	—	8,337	—	8,337
Issuance of shares under dividend reinvestment plan	12,839	—	—	—	12,839	—	12,839
Shares repurchased	(2,110)	—	(1,778)	—	(3,888)	—	(3,888)
Share-based compensation expense	—	592	—	—	592	—	592
At February 29, 2012	904,856	7,780	186,090	(629)	1,098,097	18,877	1,116,974

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited - in thousands of Canadian dollars)	Three months ended **February 28, 2013**	 February 29, 2012	Six months ended **February 28, 2013**	 February 29, 2012
OPERATING ACTIVITIES				
Net income for the period	**6,880**	33,539	**60,896**	86,219
Add (deduct) non-cash items:				
Depreciation and amortization	**7,517**	6,653	**13,946**	12,892
Amortization of program and film rights	**46,908**	46,433	**92,601**	93,488
Amortization of film investments	**3,501**	7,960	**9,708**	17,947
Deferred income taxes	**(5,432)**	3,424	**(6,726)**	4,786
Share-based compensation expense	**392**	299	**732**	592
Imputed interest	**2,628**	2,976	**5,153**	6,010
Debt refinancing	**25,033**	—	**25,033**	—
Other	**590**	(547)	**286**	(790)
Net change in non-cash working capital balances related to operations	**19,587**	20,665	**(9,546)**	(20,726)
Payment of program and film rights	**(39,806)**	(50,997)	**(67,432)**	(86,426)
Net additions to film investments	**(18,160)**	(16,837)	**(34,234)**	(33,973)
Cash provided by operating activities	**49,638**	53,568	**90,417**	80,019
INVESTING ACTIVITIES				
Additions to property, plant and equipment	**(3,930)**	(4,714)	**(7,472)**	(8,084)
Net cash flows for intangibles, investments and other assets	**(7,039)**	(122)	**(6,966)**	1,009
Other	**(236)**	(165)	**(324)**	(318)
Cash used in investing activities	**(11,205)**	(5,001)	**(14,762)**	(7,393)
FINANCING ACTIVITIES				
Decrease in bank loans	**(39,910)**	(34,674)	**(29,925)**	(34,674)
Issuance of notes	**550,000**	—	**550,000**	—
Financing fees	**(8,607)**	—	**(8,607)**	—
Issuance of shares under stock option plan	**749**	8,251	**749**	8,337
Shares repurchased	**—**	—	**(1,464)**	(3,888)
Dividends paid	**(13,775)**	(12,145)	**(26,998)**	(23,820)
Dividends paid to non-controlling interest	**(803)**	(200)	**(5,116)**	(4,423)
Other	**(2,789)**	(2,233)	**(5,101)**	(4,505)
Cash provided by (used in) financing activities	**484,865**	(41,001)	**473,538**	(62,973)
Net change in cash and cash equivalents during the period	**523,298**	7,566	**549,193**	9,653
Cash and cash equivalents, beginning of the period	**50,483**	58,009	**24,588**	55,922
Cash and cash equivalents, end of the period	**573,781**	65,575	**573,781**	65,575

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 April 10, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The interim consolidated financial statements have been prepared on a cost basis, except for derivative financial instruments and available-for-sale financial assets, which have been measured at fair value. The interim 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: Classification and Measurement*

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 Board 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 for annual periods beginning on or after January 1, 2015. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

In December 2011, the IASB amended both IAS 32 *Financial Instruments: Presentation* and IFRS 7 *Financial Instruments: Disclosures* by moving the disclosure requirements in IAS 32 to IFRS 7 and enhancing the disclosures about offsetting financial assets and liabilities. The effective date of the amendments is for annual periods beginning on or after January 1, 2015. Earlier adoption is permitted but must be applied together with IFRS 9. The Company is in the process of reviewing the standard to determine the timing of adoption and 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 with retroactive application to September 1, 2012. 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.

(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	1,677	1,658	5,228	8,563
Amortization of intangible assets	(1,602)	—	—	(1,602)
Fair value adjustment	—	(485)	376	(109)
Asset reclassified as held-for-sale	—	(9,881)	—	(9,881)
Balance - February 28, 2013	**13,527**	**11,730**	**14,104**	**39,361**

The Company's 20% interest in the Food Network (Canada) has been reclassified as held-for-sale at its carrying value, as this value will be recovered principally through a sale transaction (note 15) rather than through continuing use.

5. PROGRAM AND FILM RIGHTS

Balance - August 31, 2012	271,244
Net additions	96,106
Amortization	(92,601)
Balance - February 28, 2013	**274,749**

6. FILM INVESTMENTS

Balance - August 31, 2012	67,983
Net additions	21,107
Amortization	(9,708)
Balance - February 28, 2013	**79,382**

7. LONG-TERM DEBT

	As at February 28, 2013	As at August 31, 2012
Bank loans	—	29,965
Senior unsecured guaranteed notes	**1,050,000**	500,000
Unamortized financing fees	**(12,043)**	(11,707)
Redemption premium on 2017 Notes	**18,125**	—
	1,056,082	518,258
Less: current portion of long-term debt	**518,125**	—
	537,957	518,258

Interest rates on the balance of the bank loans fluctuate with Canadian bankers' acceptances and/or LIBOR. As at February 28, 2013, the weighted average interest rate on the outstanding bank loans and Notes was 5.7% (2012 – 7.0%). Interest on the bank loans and Notes averaged 6.7% for the second quarter and 6.9% year-to-date of fiscal 2013 (2012 – 6.8% and 6.8%, respectively).

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

The banks hold as collateral a first ranking charge on all assets and undertakings of Corus and certain of Corus' subsidiaries as designated under the credit agreement. Under the facility, the Company has undertaken to comply with financial covenants regarding a minimum interest coverage ratio and a maximum debt to cash flow ratio. Management has determined that the Company was in compliance with the covenants provided under the bank loans as at February 28, 2013.

In the second quarter of fiscal 2013, the Company issued $550.0 million principal amount of 4.25% Senior Unsecured Guaranteed Notes due February 11, 2020 ("2020 Notes") and provided notice to redeem the existing $500.0 million principal amount of 7.25% Senior Unsecured Guaranteed Notes due February 10, 2017 ("2017 Notes") effective March 16, 2013.

The transactions noted above resulted in the Company recording debt refinancing costs of $25.0 million in the second quarter of fiscal 2013, which included the early redemption premium of $18.1 million and the non-cash write-off of unamortized financing fees of $6.9 million related to the 2017 Notes.

On February 28, 2013, the Company's $500.0 million credit facility with a syndicate of banks was amended. The principal amendment was to extend the maturity date to February 11, 2017.

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 stock option plan	—	—	44,000	994	994
Issuance of shares under dividend reinvestment plan	—	—	586,155	13,515	13,515
Shares repurchased	—	—	(64,104)	(708)	(708)
Balance as at February 28, 2013	**3,432,292**	**26,580**	**80,492,435**	**897,226**	**923,806**

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		Six months ended	
	February 28, 2013	February 29, 2012	**February 28, 2013**	February 29, 2012
Net income attributable to shareholders (numerator)	**5,944**	31,571	**58,103**	82,119
Weighted average number of shares outstanding (denominator)				
Weighted average number of shares outstanding - basic	**83,457**	82,921	**83,550**	82,675
Effect of dilutive securities	**366**	336	**281**	319
Weighted average number of shares outstanding - diluted	**83,823**	83,257	**83,831**	82,994

The calculation of diluted earnings per share for both the second quarter and year-to-date of fiscal 2013 excluded nil (2012 – 470,100) weighted average Class B Non-Voting Shares issuable under the Company's Stock Option Plan because these options were not "in-the-money".

Share-based compensation

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

	February 28, 2013	August 31, 2012
Outstanding employee stock options	**2,364,273**	1,816,098
Exercisable employee stock options	**1,269,580**	970,436
Outstanding PSUs	**900,852**	885,067
Outstanding DSUs	**713,006**	633,703
Outstanding RSUs	**138,057**	89,874

Share-based compensation expense recorded for the second quarter and year-to-date of fiscal year 2013 in respect of these plans was $2,437 and $4,039 (2012 - $2,441 and $3,516). As at February 28, 2013, the value of the PSU, DSU and RSU units was $44,534 (August 31, 2012 - $37,240).

Dividend reinvestment plan

In fiscal 2013, the Company issued 586,155 Class B Non-Voting Shares, resulting in an increase in share capital of $13,515.

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

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

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		Six months ended	
	February 28, 2013	February 29, 2012	**February 28, 2013**	February 29, 2012
Amortization of program rights	**46,908**	46,433	**92,601**	93,488
Amortization of film investments	**3,501**	7,960	**9,708**	17,947
Other cost of sales	**11,310**	18,613	**21,585**	33,477
Employee costs	**36,086**	37,789	**73,658**	74,002
Other general and administrative	**31,247**	32,641	**64,954**	70,199
	129,052	143,436	**262,506**	289,113

10. INTEREST EXPENSE

	Three months ended		Six months ended	
	February 28, 2013	February 29, 2012	**February 28, 2013**	February 29, 2012
Interest on long-term debt	**10,238**	9,909	**19,465**	19,800
Imputed interest on long-term liabilities	**2,628**	2,976	**5,153**	6,010
Other	**405**	525	**785**	1,027
	13,271	13,410	**25,403**	26,837

11. OTHER EXPENSE (INCOME), NET

	Three months ended		Six months ended	
	February 28, 2013	February 29, 2012	**February 28, 2013**	February 29, 2012
Interest income	**(340)**	(32)	**(353)**	(75)
Foreign exchange losses / (gains)	**400**	116	**473**	517
Share of earnings of associates	**474**	(530)	**185**	(757)
Other	**(960)**	(1,171)	**(225)**	(855)
	(426)	(1,617)	**80**	(1,170)

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

12. INCOME TAXES

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

	Fiscal 2013		Fiscal 2012	
	$	**%**	$	%
Tax at combined federal and provincial rates	**21,939**	**26.5%**	30,841	26.8%
Income subject to tax at less than statutory rates	**(863)**	**(1.0%)**	(2,248)	(2.0%)
Miscellaneous differences	**907**	**1.0%**	90	0.1%
	21,983	**26.5%**	28,683	24.9%

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.

Radio

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

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

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

CORUS ENTERTAINMENT INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
February 28, 2013
(in thousands of Canadian dollars, except per share information)

Revenues and segment profit

Three months ended February 28, 2013

	Radio	Television	Corporate	Consolidated
Revenues	**40,277**	**143,423**	**—**	**183,700**
Direct cost of sales, general and administrative expenses	**30,623**	**91,627**	**6,802**	**129,052**
Segment profit (loss) [1]	**9,654**	**51,796**	**(6,802)**	**54,648**
Depreciation and amortization				**7,517**
Interest expense				**13,271**
Debt refinancing				**25,033**
Other expense (income), net				**(426)**
Income before income taxes				**9,253**

Three months ended February 29, 2012

	Radio	Television	Corporate	Consolidated
Revenues	42,384	163,299	—	205,683
Direct cost of sales, general and administrative expenses	32,505	102,878	8,053	143,436
Segment profit (loss) [1]	9,879	60,421	(8,053)	62,247
Depreciation and amortization				6,653
Interest expense				13,410
Other expense (income), net				(1,617)
Income before income taxes				43,801

Six months ended February 28, 2013

	Radio	Television	Corporate	Consolidated
Revenues	**92,601**	**317,246**	**—**	**409,847**
Direct cost of sales, general and administrative expenses	**63,991**	**186,752**	**11,763**	**262,506**
Segment profit (loss) [1]	**28,610**	**130,494**	**(11,763)**	**147,341**
Depreciation and amortization				**13,946**
Interest expense				**25,403**
Debt refinancing				**25,033**
Other expense (income), net				**80**
Income before income taxes				**82,879**

Six months ended February 29, 2012

	Radio	Television	Corporate	Consolidated
Revenues	94,248	348,326	—	442,574
Direct cost of sales, general and administrative expenses	67,967	207,410	13,736	289,113
Segment profit (loss) [1]	26,281	140,916	(13,736)	153,461
Depreciation and amortization				12,892
Interest expense				26,837
Other expense (income), net				(1,170)
Income before income taxes				114,902

[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		Six months ended	
	February 28, 2013	February 29, 2012	**February 28, 2013**	February 29, 2012
Advertising	**80,506**	83,870	**198,400**	203,319
Subscriber fees	**73,798**	75,924	**148,779**	150,065
Merchandising, distribution and other	**29,396**	45,889	**62,668**	89,190
	183,700	205,683	**409,847**	442,574

14. CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Three months ended		Six months ended	
	February 28, 2013	February 29, 2012	**February 28, 2013**	February 29, 2012
Interest paid	**18,705**	19,858	**19,411**	21,287
Interest received	**340**	32	**353**	75
Income taxes paid	**7,329**	13,943	**20,099**	28,059

15. SUBSEQUENT EVENTS

On March 4, 2013, the Company entered into an agreement to acquire from Bell the remaining 50% interest in TELETOON and two Ottawa-based radio stations that Bell will acquire as part of their acquisition of Astral Media, pending regulatory approval. In addition, Corus has entered into separate agreements with Shaw Media and Bell to acquire their respective 50% interests in the French-language specialty channels, Historia and Séries+. These transactions have received Competition Bureau clearance, as required, but certain of these transactions are subject to approval by the Canadian Radio-television and Telecommunications Commission.

Corus has entered into agreements with Shaw Media to acquire the remaining 49% interest in ABC Spark and to sell its 20% interest in the Food Network (Canada).

The preliminary net purchase price for these acquisitions and the divestiture is $494.0 million, subject to working capital adjustments.

CORUS ENTERTAINMENT