First Quarter 2016
Report to Shareholders

For the Three Months Ended November 30, 2015
(Unaudited)

CORUS ENTERTAINMENT INC.
First Quarter Report to Shareholders

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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,** **2015**	2014
Revenues		
Television	**183,718**	181,490
Radio	**44,600**	45,621
	228,318	227,111
Segment profit[1]		
Television	**88,035**	83,779
Radio	**12,803**	12,820
Corporate	**(4,960)**	(3,323)
	95,878	93,276
Net income attributable to shareholders	**41,320**	51,906
Adjusted net income attributable to shareholders[1] [2]	**42,484**	51,906
Basic earnings per share	**$ 0.47**	$ 0.60
Adjusted basic earnings per share[1] [2]	**$ 0.49**	$ 0.60
Diluted earnings per share	**$ 0.47**	$ 0.60
Free cash flow[1]	**34,537**	33,382

[1] Adjusted net income attributable to shareholders, adjusted basic earnings per share, segment profit, and free cash flow do not have standardized meanings prescribed by IFRS. The Company reports on segment profit and free cash flow because they are key measures used to evaluate performance. For definitions and explanations, see discussion under the Key Performance Indicators section of the 2016 Report to Shareholders.

[2] For the three months ended November 30, 2015, basic earnings per share has been adjusted to exclude business acquisition, integration and restructuring charges of $2.4 million ($0.03 per share) and to include amortization of Pay TV assets reclassified as held for disposal of $1.4 million ($0.01 per share).

Significant Events in the Quarter

- On September 1, 2015, the Company launched Disney Channel (Canada) and La chaîne Disney for the first time in Canada, with broad distribution in 10 million households.
- On September 3, 2015, the Company's Cartoon Network expanded its distribution to over five million subscribers through existing distribution partners and, for the first time, Rogers, Shaw and Shaw Direct. Cartoon Network replaces TELETOON Retro (English).
- On September 16, 2015, the Company announced the expansion of its broadcast technology service offerings with the creation of Quay Media Services. As part of the expansion, the Company also announced the acquisition of Canadian-based closed captioning company Fast File Media Services Inc., one of the largest entertainment accessibility providers in Canada.
- On September 20, 2015, the Company's Corus Média subsidiary announced that its original programming received two Gémeaux Awards for *Le berceau des anges* and *Chasseurs d'épaves*, aired on Séries+ and Historia, respectively.
- On September 22, 2015, the Company announced the launch of its YTVGo and NickGO TV Everywhere apps, which are available at no additional charge to subscribers, providing them with access to live network streams and an extensive offering of on-demand episodes.
- On September 24, 2015, the Company launched its WATCH Disney Channel TV Everywhere app, which is available at no additional charge to subscribers, offering live linear programming, on-demand episodes and bonus content that can be streamed on tablet and mobile devices.
- On September 24, 2015, the Canadian Radio-television and Telecommunications Commission ("CRTC") published the Wholesale Code (the "Code") as well as an interpretation bulletin. The Code governs certain aspects of the commercial arrangements between programming undertakings and carriers such as cable, IPTV and satellite systems. It allows for grandfathering of existing contracts subject to certain guidelines and also allows for penetration-based rate cards subject to some limits. The Code also provides more flexibility to carriers with respect to packaging and marketing of bundles of services.
- On September 30, 2015, the Company paid a monthly dividend of $0.094583 and $0.095 per share to holders of its Class A and Class B Shares, respectively.
- On October 5, 2015, the Company and Bento Box Entertainment, LLC announced the creation of Bento Box Canada, an animation production company operating out of Corus Quay in Toronto. The new entity will develop and produce animated series targeting the age 18-34 demographic for Corus' networks and for international distribution by Bento Box Entertainment.
- On October 5, 2015, the Company announced that it has secured U.S. deals for the sale of *Cheer Stars* (working title) to ABC Family and the U.S. broadcast rights for the renovation series *Masters of Flip* to Scripps Networks Interactive. These shows, along with the real estate series *Buying the View*, represent the first in a growing slate of unscripted reality programming available from Corus for licensing in the international marketplace.
- On October 5, 2015, Corus Radio announced that it is the first multi-market radio operator to offer HD Radio in Canada, with Hamilton's 95.3 Fresh Radio (CING FM) and Toronto's Talk Radio AM640 (CFMJ AM) now featuring station content on the HD platform. Additional Corus Radio stations are scheduled to roll out in the HD format in the upcoming months.
- On October 21, 2015, the Company's Nelvana subsidiary announced three new licensing agents and two new broadcast partners for its preschool brand, *Little Charmers*. Partners include francetv distribution in France, Discovery Italia in Italy, and Megalicense, the leading licensing agency in Russia and Commonwealth of Independent States territories.

- On October 21, 2015, the Company's Nelvana subsidiary announced that its *Little Charmers: Sparkle Up* app has been recognized with a Silver award in the Mobile Apps and Sites, Family and Kids category, by The Academy of Interactive and Visual Arts (AIVA).
- On October 30, 2015, the Company paid a monthly dividend of $0.094583 and $0.095 per share to holders of its Class A and Class B Shares, respectively.
- On October 28, 2015, the CRTC approved an application by OWN: The Oprah Winfrey Network to amend its license including removing the conditions that required the scheduling of formal educational programming and adherence to the so-called Terms of Trade Agreement with programming producers.
- On November 9, 2015, the Company was named, for the second year in a row, one of Canada's Top 100 Employers for 2016 by Mediacorp Canada Inc. This award recognizes industry leaders that create exceptional work environments which are valued by employees.
- On November 17, 2015, the Company launched its La chaîne Disney mobile app, available at no additional charge to subscribers, offering content that can be streamed on tablets and mobile devices.
- On November 19, 2015, the CRTC released its amendments to the Broadcasting Distribution Regulations to implement determinations from its Let's talk TV proceeding. A key change was the amendment of the 1:1 linkage rule, to apply only to related programming undertakings to a carrier, and it also expanded the services eligible for linkage. This new linkage regime effectively removes any impediment to growth in the number of channels that Corus can operate on related carriers.
- On November 19, 2015, the Company announced that it will cease operations of its Pay Television business in Western Canada, which includes its Movie Central, Encore Avenue and HBO Canada brands. As of January 5, 2016, the Company has received $211 million from Bell Media Inc. ("Bell") in consideration to support Bell's national expansion of its premium pay television services.
- On November 30, 2015, the Company's Nelvana subsidiary announced it has sold over 800 episodes of content from their extensive library to multiple subscription video-on-demand service providers around the world including iFlix'S SVOD service throughout South East Asia; The Martian Group, Movile, VTR and Vibiquity services across South America; and Cinedigm in the United States.
- On November 30, 2015, the Company paid a monthly dividend of $0.094583 and $0.095 per share to holders of its Class A and Class B Shares, respectively.

Significant Events Subsequent to the Quarter

- On December 1, 2015, the Company announced the launch of Disney Junior and Disney XD in over eight million households across English Canada. With the launch of this iconic brand, Canadian families will now have access to the full Disney experience, with an extensive slate of world-class content delivered across platforms.
- On December 8, 2015, the Company was named, for the sixth time, one of Greater Toronto's Top Employers for 2016 by Mediacorp Canada Inc. This special designation recognizes Greater Toronto employers that lead their industries in offering exceptional places to work.
- On December 11, 2015, the Company's Kids Can Press announced that Ashley Spires' best-selling book *The Most Magnificent Thing,* published in seven languages around the world, reached a major milestone, selling over 100,000 copies since the titles first publication in April 2014.
- On December 16, 2015, the Company's Nelvana subsidiary announced (an expanded roster) a roster of new licensing agents that will build the *Little Charmers* brand worldwide, extending the property's presence in territories ranging from Australia and New Zealand to Chile, Argentina, South Korea, Philippines and Indonesia.

- On December 30, 2015, the Company paid a monthly dividend of $0.094583 and $0.095 per share to holders of its Class A and Class B Shares, respectively.
- On January 13, 2016, the Company announced that it had entered into a share purchase agreement with Shaw Communications Inc. ("Shaw") pursuant to which the Company agreed to acquire Shaw Media Inc. ("Shaw Media") from Shaw (the "Acquisition") for purchase consideration of $2.65 billion, consisting of cash consideration of approximately $1.85 billion and the issuance of Corus Class B common shares to Shaw valued at approximately $800 million, subject to certain working capital adjustments. The Company has secured fully committed financing in connection with the transaction. The Acquisition and the refinancing of existing debt will be funded with $2.3 billion of committed credit facilities and $560 million of bridge financing. The bridge financing is expected to be replaced with a combination of new Senior Unsecured Notes and a potential offering of subscription receipts of Corus Class B Shares. The transaction is expected to close in the third quarter of fiscal 2016 subject to approval by Corus' minority shareholders, at a special meeting of shareholders and the completion of certain regulatory approvals.

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, 2015 is prepared at December 31, 2015. The following should be read in conjunction with Management's Discussion and Analysis, consolidated financial statements and the notes thereto included in the Company's August 31, 2015 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 Entertainment Inc. ("Corus" or the "Company") reports its financial results under International Financial Reporting Standards ("IFRS") in Canadian dollars. Per share amounts are calculated using the weighted average number of shares outstanding for the applicable period.

Cautionary statement regarding forward-looking statements

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

This document contains forward-looking statements about expected future events and financial operating performance of the Company.

For a discussion on the Company's results of operations for fiscal 2015, we refer you to the Company's Annual Report for the year ended August 31, 2015 filed on SEDAR on November 5, 2015.

The following discussion describes the significant changes in the consolidated results from operations.

Overview of Consolidated Results

For fiscal 2016, certain of Corus' Pay Television business' ("Pay TV") assets and liabilities have been reclassified as held for disposal effective November 19, 2015 as a consequence of meeting the definition of assets held for sale under *International Financial Reporting Standard 5 – Non-current Assets Held for Sale and Discontinued Operations*. The Company's business activities are conducted through two operating segments, Television and Radio. The disposal group, Pay TV, is not a separate operating segment, but it is included as part of the Television operating segment. Accordingly, the disposal group, Pay TV, does not qualify for discontinued operations presentation and as a result its operating results remain in continuing operations in the consolidated statement of income and comprehensive income. Further discussion is provided in note 18 of the Company's interim consolidated financial statements for the period ended November 30, 2015.

Revenues

Revenues for the first quarter of fiscal 2016 were $228.3 million, an increase of 1% from the prior year. On a consolidated basis, subscriber revenues increased by 2%, merchandising, distribution and other revenues increased by 26%, and advertising revenues decreased by 5%. Revenues increased in Television by 1%, and decreased in Radio by 2% in the first quarter compared to the prior year. Further analysis of revenues is provided in the discussion of segmented results.

Direct cost of sales, general and administrative expenses

Direct cost of sales, general and administrative expenses for the first quarter of fiscal 2016 were $132.4 million, a decrease of 1% from the prior year. On a consolidated basis, direct cost of sales decreased 5% and employee costs increased 8%, offset by decreases in other general and administrative expenses of 2%. Further analysis of expenses is provided in the discussion of segmented results.

As a result of the reclassification of assets held for sale, amortization of program and film rights in the Television segment for the three months ended November 30, 2015, is approximately $1.4 million lower than it would have been had amortization on these assets not ceased. Further discussion is provided in note 18 of the Company's interim consolidated financial statements for the period ended November 30, 2015.

Segment profit

Consolidated segment profit for the first quarter of fiscal 2016 was $95.9 million, an increase of 3% from the prior year, with an increase of 5% in the Television segment, offset by higher Corporate costs. Radio segment profit for the first quarter of fiscal 2016 was consistent with the prior year. Further analysis is provided in the discussions of segmented results.

Depreciation and amortization

Depreciation and amortization expense for the first quarter of fiscal 2016 was $11.0 million, up from $5.8 million in the prior year. The increase arises from higher amortization of intangible assets, including trade marks and exclusive rights associated with new licensing agreements commenced in fiscal 2016.

Interest expense

Interest expense for the first quarter of fiscal 2016 was $18.9 million, an increase of $6.2 million from the prior year. The increase is due to higher imputed interest on long-term liabilities of $7.0 million relating to new licensing agreements commenced in fiscal 2016, offset by lower interest on bank loans.

The effective interest rate on bank loans and notes for the first quarter of fiscal 2016 was 4.2% compared to 4.0% in the prior year. The higher effective rates results from a higher proportion of interest from notes at fixed rates.

Business acquisition, integration and restructuring costs

For the first quarter of fiscal 2016, the Company incurred $2.4 million of business integration and restructuring costs which include severance and employee related costs in the Corporate and Television segments as well as certain costs related to pending business combinations.

Other expense, net

Other expense for the first quarter of fiscal 2016 was $3.9 million compared to income of $1.8 million in the prior year. The increase in the first quarter of fiscal 2016 relates primarily to higher foreign exchange expense, offset by a venture fund distribution gain of $0.5 million.

Income tax expense

The effective tax rate for the first quarter of fiscal 2016 was 28.3% 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 2016 was $41.3 million ($0.47 per share), as compared to $51.9 million ($0.60 per share) in the prior year. Net income attributable to shareholders for the first quarter of fiscal 2016 includes business acquisition, integration and restructuring costs of $2.4 million ($0.03 per share), and excludes amortization of Pay TV assets reclassified as assets held for disposal of $1.4 million ($0.01 per share). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of $42.5 million ($0.49 per share basic) in the quarter.

The weighted average number of basic shares outstanding for the three months ended November 30, 2015, was 87,277,000 and has increased in the current year due to the issuance of shares from treasury under the Company's dividend reinvestment plan.

Other comprehensive income, net of tax

Other comprehensive income for the first quarter of fiscal 2016 was $0.4 million, compared to $0.9 million in the prior year. This decrease of $0.5 million resulted primarily from lower unrealized income from foreign currency translation adjustments, offset by lower unrealized losses from available-for-sale investments and an unrealized gain from fair value changes in cash flow hedges in the current year.

Television

The Television segment is comprised of: YTV; Treehouse; Nickelodeon (Canada); ABC Spark; TELETOON, TÉLÉTOON, TELETOON Retro and TÉLÉTOON Rétro (both ceased operations on August 31, 2015); Disney Channel (Canada) and La chaîne Disney (launched September 1, 2015); Disney XD and Disney Jr (launched December 1, 2015); Cartoon Network (Canada); W Network; OWN: Oprah Winfrey Network (Canada); W Movies; Sundance Channel (Canada); Historia and Séries+ (acquired January 1, 2014); Corus' western Canadian pay television services (Movie Central, including HBO Canada and Encore Avenue); three conventional television stations serving Southeastern Ontario including 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); and the Company's majority interest in CMT (Canada), CosmopolitanTV, and Telelatino (TLN, EuroWorld Sport, Mediaset Italia, Sky TG24, Teleniños, Univision (Canada), Telebimbi).

Financial Highlights

(thousands of Canadian dollars)	**2015**	2014
Revenues	**183,718**	181,490
Expenses	**95,683**	97,711
Segment profit [1]	**88,035**	83,779

[1]As defined in the "Key Performance Indicators" section

Revenues increased by 1% in the first quarter of fiscal 2016 as a result of a 2% increase in subscriber revenues and a 33% increase in merchandising, distribution and other revenues, offset by a 6% decrease in specialty advertising revenues. Growth in subscriber revenues was driven by the launch of Disney Channel (Canada) and La chaîne Disney in September 2015 as well as subscriber gains on our French-language channels. The significant increase in merchandising, distribution and other revenues reflects higher merchandising revenues from new properties such as *Little Charmers* and strong growth in distribution revenues from content licensing deals in the Subscription Video-On-Demand market. In addition, the Women & Family vertical recognized its first distribution revenues from content licensing deals following a successful appearance at MIPCOM. The decline in specialty advertising revenues was primarily due to soft advertising demand for non-kids (or "co-view") directed advertising on our Kids networks, offset by another quarter of advertising revenue growth in our Women & Family vertical and in Kids directed advertising on our Kids networks.

Total expenses in the first quarter of fiscal 2016 decreased by 2% compared to the prior year. Direct cost of sales (which includes amortization of program rights and film investments, and other cost of sales) were 5% lower than the prior year, as increased programming amortization expense on our Kids networks, primarily attributable to the new Disney and Nickelodeon programming agreements which came into effect September 1, 2015, were offset by lower programming amortization expense from the other verticals and from reduced production and distribution costs. General and administrative expenses increased 4% from the prior year as a result of additional costs related to the launch of the Disney Channel (Canada) and investment in TV Everywhere initiatives.

Segment profit increased 5% in the first quarter of fiscal 2016 while segment profit margin was 48%, compared to 46% in the prior year.

For fiscal 2016, certain of Corus' Pay TV assets and liabilities have been reclassified as held for disposal effective November 19, 2015 as a consequence of meeting the definition of assets held for sale under *International Financial Reporting Standard 5 – Non-current Assets Held for Sale and Discontinued Operations*. The Company's business activities are conducted through two operating segments, Television and Radio. The disposal group, Pay TV, is not a separate operating segment, but it is included as part of the Television operating segment. Accordingly, the disposal group, Pay TV, does not qualify for discontinued operations presentation and as a result, its operating results remain in continuing operations. Intangible assets reclassified as held for disposal have ceased being amortized effective November 19, 2015 and as a consequence, amortization of program and film rights in the Television segment for the three months ended November 30, 2015, is approximately $1.4 million lower than it would have been had amortization on these assets not ceased. Further discussion is provided in note 18 of the Company's interim consolidated financial statements for the period ended November 30, 2015.

Radio

The Radio segment is comprised of 39 radio stations situated primarily in high-growth urban centres in English Canada, with a concentration in the densely populated area of Southern Ontario. Corus is one of Canada's leading radio operators in terms of audience reach.

Financial Highlights

	Three months ended	
	November 30,	
(thousands of Canadian dollars)	**2015**	2014
Revenues	**44,600**	45,621
Expenses	**31,797**	32,801
Segment profit[(1)]	**12,803**	12,820

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

Revenues for the first quarter decreased 2% compared to the prior year. Vancouver and Ottawa delivered double digit revenue growth in the quarter. The Toronto cluster was stable, with revenues consistent with the prior year. The majority of the decline was attributable to the soft economy in Alberta, particularly Edmonton. As well, Winnipeg's recent programming changes have yet to translate into improved ratings and revenues.

In the audience ratings released in December 2015, Calgary's Country 105 regained its number one position. Vancouver's Rock 101 and CFOX maintained their strength with both of these stations in the top four A25-54 demographic segment. Toronto's ratings were softer than expected due to the impact of the Blue Jays playoff run.

Direct cost of sales, general and administrative expenses in the first quarter of fiscal 2016 decreased by 3% compared to the prior year. Variable expenses decreased 7% for the quarter, driven mainly by lower costs directly correlated to revenue. Fixed costs, which represent a much higher proportion of the cost structure, decreased 2% in the quarter due to lower employee related costs as a result of recent reorganization and were offset by an increased investment in research.

Radio's segment profit was consistent with the prior year. The segment profit margin increased from 28% in the prior year to 29% this quarter as a result of the Company's continued focus on cost management.

Corporate

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

Financial Highlights

	Three months ended	
	November 30,	
(thousands of Canadian dollars)	**2015**	2014
Share-based compensation	**(230)**	898
Other general and administrative costs	**5,190**	2,425
	4,960	3,323

Share-based compensation includes expenses related to the Company's stock options and other long-term incentive plans (such as Performance Share Units - "PSUs", Deferred Share Units – "DSUs", and Restricted Share Units – "RSUs"). The expense fluctuates with changes in assumptions, primarily regarding the Company's share price and number of units estimated to vest. Lower first quarter share-based compensation reflects a decrease in the number of units that achieved vesting targets and a lower share price compared to the prior year.

For the first quarter of fiscal 2016, other general and administrative costs are higher than the prior year primarily due to higher costs related to performance incentive plans in the current year and unusually lower costs related to the Corus Quay facility in the prior year as a result of timing of certain operating costs.

QUARTERLY CONSOLIDATED FINANCIAL INFORMATION

Seasonal fluctuations

As discussed in Management's Discussion and Analysis for the year ended August 31, 2015, Corus' operating results are subject to seasonal fluctuations that can significantly impact quarter-to-quarter operating results. The Company's advertising revenues are dependent on general advertising revenues and retail cycles associated with consumer spending activity, accordingly the first and third quarter results tend to be the strongest and second and fourth quarter results tend to be the weakest in a fiscal year. The Company's merchandising and distribution revenues are dependent on the number and timing of film and television programs delivered as well as the timing and level of success achieved of associated merchandise licensed in the market, which cannot be predicted with certainty. Consequently, the Company's results may fluctuate materially from period-to-period and the results of any one period are not necessarily indicative of results for future periods.

The following table sets forth certain unaudited data derived from the interim condensed consolidated financial statements for each of the eight most recent quarters ended November 30, 2015. In Management's opinion, these unaudited consolidated financial statements have been prepared on a basis consistent with the audited consolidated financial statements in the Company's Annual Report for the year ended August 31, 2015.

[thousands of Canadian dollars, except per share amounts]

	Revenues	Segment profit	Net income (loss) attributable to shareholders	Adjusted net income attributable to shareholders	Earnings per share Basic	Diluted	Adjusted
2016							
1st quarter	**228,318**	**95,878**	**41,320**	**42,484**	**$ 0.47**	**$ 0.47**	**$0.49**
2015							
4th quarter	193,599	55,493	17,835	23,967	$ 0.21	$ 0.21	$ 0.28
3rd quarter	203,121	68,699	(8,109)	31,550	$ (0.09)	$ (0.09)	$ 0.36
2nd quarter	191,484	59,719	(86,786)	28,499	$ (1.01)	$ (1.01)	$ 0.33
1st quarter	227,111	93,276	51,906	51,906	$ 0.60	$ 0.60	$ 0.60
2014							
4th quarter	201,557	58,349	23,727	26,785	$ 0.28	$ 0.28	$ 0.31
3rd quarter	214,041	79,731	(30,325)	41,602	$ (0.36)	$ (0.36)	$ 0.49
2nd quarter	191,413	59,282	6,116	26,780	$ 0.07	$ 0.07	$ 0.32

(1) As defined in "Key Performance Indicators".

Significant items causing variations in quarterly results

- Net income attributable to shareholders for the first quarter of fiscal 2016 was negatively impacted by business acquisition, integration and restructuring costs of $2.4 million ($0.03 per share) and positively impacted by amortization ceasing on certain assets reclassified as held for disposal of $1.4 million ($0.01 per share).
- Net income attributable to shareholders for the fourth quarter of fiscal 2015 was negatively impacted by restructuring costs of $8.3 million ($0.07 per share).
- Net income attributable to shareholders for the third quarter of fiscal 2015 was negatively impacted by non-cash impairment charges in program rights and film investments of $51.8 million ($0.44 per share) and restructuring costs of $2.7 million ($0.02 per share).
- Net income attributable to shareholders for the second quarter of fiscal 2015 was negatively impacted by non-cash radio broadcast license and goodwill impairment charges of $130.0 million ($1.44 per share), restructuring costs of $8.0 million ($0.07 per share) and positively impacted by a gain of $17.0 million ($0.17 per share) resulting from a gain on disposition of investment.
- Net income attributable to shareholders for the fourth quarter of fiscal 2014 was negatively impacted by business acquisition, integration and restructuring costs of $5.6 million ($0.04 per share) offset by an investment impairment recovery of $1.0 million ($0.01 per share).
- Net income attributable to shareholders for the third quarter of fiscal 2014 was negatively impacted by non-cash radio broadcast license and goodwill impairment charges of $75.0 million ($0.85 per share), capital asset impairment charge of $1.2 million ($0.01 per share), business acquisition, integration and restructuring costs of $0.6 million ($0.01 per share) and positively impacted by a decrease in the purchase price obligation of $2.0 million ($0.02 per share).
- Net income attributable to shareholders for the second quarter of fiscal 2014 was negatively impacted by non-cash radio broadcast license impairment charges of $8.0 million ($0.07 per share), business acquisition, integration and restructuring costs of $18.7 million ($0.20 per share), and positively impacted by a decrease in the purchase price obligation of $2.1 million ($0.02 per share).

Risks and Uncertainties

The significant risks and uncertainties affecting the Company and its business are discussed in the Company's August 31, 2015 Annual Report under the "Risks and Uncertainties" section. There have been no material changes in the risks or uncertainties facing the Company since the date of our Annual Report.

FINANCIAL POSITION

Total assets at November 30, 2015 and August 31, 2015 were $3.0 billion and $2.6 billion, respectively. The following discussion describes the significant changes in the consolidated statements of financial position since August 31, 2015.

A change in presentation of the Company's consolidated financial position arises from the reclassification of certain of the Company's Pay TV assets and liabilities on November 19, 2015 as a consequence of meeting the definition of held for disposal under IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations.* Further discussion is provided in note 18 of the Company's interim consolidated financial statements for the period ended November 30, 2015.

Current assets at November 30, 2015 were $434.5 million, up $206.2 million from August 31, 2015. The increase principally resulted from the reclassification of certain Pay TV assets as held for disposal.

Cash and cash equivalents increased by $4.7 million. Refer to the discussion of cash flows in the next section.

Accounts receivable increased $48.1 million from year end. The accounts receivable balance is subject to seasonal trends. Typically the balance is higher in the first and third quarters and lower in the second and fourth quarters as a result of the broadcast revenue cycle. Accounts receivable increased as a result of higher revenues in the first quarter compared to the last quarter of the prior year. The Company carefully monitors the aging of its accounts receivable.

Tax credits receivable decreased $0.5 million as a result of tax credit receipts related to film and interactive productions exceeding accruals.

Intangibles, investments and other assets increased $107.5 million during the year, primarily as a result of additions to intangibles including trademarks and exclusive rights associated with new licensing agreements commenced in fiscal 2016, offset by amortization of intangibles and the reclassification of certain Pay TV intangible assets of $2.7 million as held for disposal.

Property, plant and equipment decreased $2.8 million during the year, as a result of depreciation expense exceeding additions for the first three months of fiscal 2016.

Program and film rights increased $134.7 million during the year, as additions of acquired rights of $247.2 million were offset by reclassification of certain Pay TV assets of $58.2 million as held for disposal and amortization of $54.3 million during the first three months of fiscal 2016.

Film investments increased $5.0 million, as film spending (net of tax credit accruals and impairment recovery) of $8.3 were offset by film amortization of $3.3 million.

Broadcast licenses decreased $50.4 million, while goodwill decreased $52.2 million from August 31, 2015 balances as a result of reclassification certain Pay TV assets as held for disposal, offset by additions related to the acquisition of Fast File Media Services Inc.

Accounts payable and accrued liabilities increased $29.8 million from year-end, primarily as a result of higher accrued liabilities, offset by lower accruals for program rights and the reclassification of $16.5 million of liabilities as liabilities associated with assets held for disposal. The increase in accrued liabilities relate primarily to new licensing agreements commenced in fiscal 2016 and cash received of $21.1 million associated with the Pay TV transaction with Bell. Further discussion is provided in note 18 to the Company's interim consolidated financial statements for the period ended November 30, 2015.

Provisions have increased $0.5 million as a result of accruals exceeding payments made in the quarter related to restructuring.

Long-term debt at November 30, 2015 was $631.5 million, down $19.5 million compared to $651.0 million at August 31, 2015. During the first quarter of fiscal 2016, the Company paid down bank loans by $20.0 million and incurred amortization of deferred financing charges of $0.5 million. The $150.0 million Term Facility maturing February 3, 2016 remains classified as current on the Statements of Financial Position.

Other long-term liabilities increased by $265.5 million from year-end, primarily from increases in long-term program rights payable and intangible liabilities associated with new licensing agreements commenced in fiscal 2016, slightly offset by decreases in long-term employee obligations, CRTC benefit obligations and the reclassification of $33.8 million of other long-term liabilities as liabilities associated with assets held for disposal.

Share capital increased $3.6 million from the issuance of shares from treasury under the Company's dividend reinvestment plan.

Contributed surplus increased $0.3 million due to share-based compensation expense.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows

Overall, the Company's cash and cash equivalents position increased by $4.7 million over the three months ended November 30, 2015. Free cash flow for the three months ended November 30, 2015 at $34.5 million, was consistent with free cash flow of $33.4 million in the prior year. A reconciliation of free cash flow to the consolidated statements of cash flows is provided in the Key Performance Indicators section.

Cash provided by operating activities in the three months ended November 30, 2015 was $39.0 million, compared to $36.9 million last year. The increase of $2.1 million arises from lower net income from operations adjusted for non-cash items of $3.8 million, higher cash outflows from working capital of $3.4 million, offset by lower program rights payments of $5.3 million and lower additions to film investments of $4.0 million.

Cash provided by investing activities in the three months ended November 30, 2015 was $12.6 million, compared to cash used of $18.5 million in the prior year. The current year includes consideration of $21.1 million received from Bell relating to the Pay TV business (refer to note 18 of the interim consolidated financial statements for the period ended November 30, 2015), cash proceeds from a venture fund distribution of $1.7 million, offset by net cash outflows for intangibles, investments and other assets of $2.7 million, additions to property, plant and equipment of $2.7 million, business combinations of $2.5 million, and CRTC benefit obligation payments of $2.3 million. The prior year includes cash outflows for intangibles, investments and other assets of $15.2 million, additions to property, plant and equipment of $2.8 million and CRTC benefit payments of $0.5 million.

Cash used in financing activities in the three months ended November 30, 2015 was $46.8 million, compared to cash used in financing activities of $2.1 million in the prior year. In the current year, the Company paid down bank debt by $20.0 million, paid dividends of $25.4 million and made capital lease payments of $1.4 million. In the prior year, the Company incurred $19.8 million in bank loans, paid dividends of $22.1 million, made capital lease payments of $1.3 million and received $1.4 million from issuance of shares under the stock option plan.

Liquidity

The Company's capital management objectives are to maintain financial flexibility in order to pursue its strategy of organic growth combined with strategic acquisitions and to provide returns to its shareholders. The Company defines capital as the aggregate of its shareholders' equity and long-term debt less cash and cash equivalents.

The Company manages its capital structure in accordance with changes in economic conditions. In order to maintain or adjust its capital structure, the Company may elect to issue or repay long-term debt, issue shares, repurchase shares through a normal course issuer bid, pay dividends or undertake any other activities as deemed appropriate under the specific circumstances.

The Company monitors capital using several key performance metrics, including: net debt to segment profit ratio and dividend yield. The Company's stated long-term objectives are not to exceed a net debt to segment profit ratio of 3.5 times, and to maintain a dividend yield in excess of 2.5%. In the short term, the Company may permit the net debt to segment profit ratio to go outside of the long-term guideline range (for long-term investment opportunities), but endeavours to return to the policy guideline range as the Company believes that these objectives provide a reasonable framework for providing a return to shareholders and is supportive of maintaining the Company's credit ratings. The Company is currently operating within these internally imposed objectives.

On February 25, 2015, the Company's $500.0 million credit facility with a syndicate of banks was amended. The principal amendment was to extend the maturity date, on the $500.0 million revolving facility, to February 25 2019.

As at November 30, 2015, the Company had available approximately $410.0 million under the revolving term credit facility and was in compliance with all loan covenants. As at November 30, 2015, the Company had a cash balance of $42.2 million. Management believes that cash flow from operations and existing credit facilities will provide the Company with sufficient financial resources to fund its operations for the next 12 months.

Net debt to segment profit

As at November 30, 2015, net debt was $739.3 million, down from $763.6 million at August 31, 2015. Net debt to segment profit at November 30, 2015 was 2.6 times compared to 2.8 times at August 31, 2015. Segment profit for the net debt to segment profit calculation reflects aggregate amounts as reported by the Company for the most recent four quarters. Further discussion on this is contained in the Key Performance Indicators section.

Total capitalization

At November 30, 2015, total capitalization was $1,977.2 million, a decrease of $6.3 million from August 31, 2015. The decrease results from lower net income and debt levels.

Off-Balance Sheet arrangements and derivative financial instruments

During the second quarter of fiscal 2014, the Company entered into a Canadian interest rate swap agreement to fix the interest rate on its outstanding term loan facility. The counterparties of the swap agreements are highly rated financial institutions and the Company does not anticipate any non-performance. The fair value or future cash flows of interest rate swap derivatives increase (decrease) with fluctuations in market interest rates. The estimated fair value of these agreements at November 30, 2015 is $0.1 million, which has been recorded in the Interim Condensed Consolidated Statements of Financial Position as a liability.

Outstanding Share Data

As at December 31, 2015, 3,425,792 Class A Voting Shares and 84,237,997 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, 2015 that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

KEY PERFORMANCE INDICATORS

The Company measures the success of its strategies using a number of key performance indicators. These have been outlined in Management's Discussion and Analysis contained in the Annual Report for the year ended August 31, 2015, including a discussion as to their relevance, definitions, calculation methods and underlying assumptions.

In particular, segment profit is calculated as revenues less direct cost of sales, general and administrative expenses as reported in the Company's consolidated statements of income and retained earnings. Segment profit may be calculated and presented for an individual operating segment, or for the consolidated Company. The Company believes this is an important measure as it allows the Company to evaluate the operating performance of its business segments and its ability to service and/or incur debt; therefore, it is calculated before (i) non-cash expenses such as depreciation and amortization; (ii) interest expense; and (iii) items not indicative of the Company's core operating results, and not used in management's evaluation of the business segment's performance, such as: goodwill and broadcast license impairment; significant intangible asset impairments; debt refinancing; non-cash gains or losses and certain other income and expenses (note 13 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 15 to the condensed interim consolidated financial statements. Segment profit does not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS") and is not necessarily comparable to similar measures presented by other companies.

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

Free cash flow

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

	Three months ended **November 30,**	
[thousands of Canadian dollars]	**2015**	2014
Cash provided by (used in):		
Operating activities	**38,959**	36,887
Investing activities	**12,614**	(18,495)
	51,573	18,392
Cash used for business combinations, strategic investments / (cash received from strategic divestments)[1]	**(17,036)**	14,990
Free cash flow	**34,537**	33,382

[1] Strategic investments / divestments relate to the Company's investments in venture funds and associated companies.

Adjusted net income and adjusted basic earnings per share

In addition to disclosing results in accordance with IFRS as issued by the IASB, the Company also provides supplementary non-IFRS measures as a method of evaluating the Company's performance. Management uses adjusted net income and adjusted basic earnings per share as a measure of enterprise-wide performance. Adjusted net income and adjusted basic earnings are defined as net income and basic earnings per share before items such as: non-recurring gains or losses related to acquisitions and/or dispositions of investments; costs of debt refinancing; non-cash impairment charges; and business acquisition, integration and restructuring costs. Management believes that adjusted net income and adjusted basic earnings per share are useful measures that facilitate period-to-period operating comparisons. Adjusted net income and adjusted basic earnings per share does not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other companies. Adjusted net income and adjusted basic earnings per share should not be considered in isolation or as a substitute for net income prepared in accordance with IFRS as issued by the IASB.

Adjusted net income and adjusted basic earnings per share reconciliation

(thousands of Canadian dollars, except per share amounts)	Three months ended **November 30,** **2015**	2014
Net income attributable to shareholders	**41,320**	51,906
Adjustments, net of tax:		
Impact of business acquisition, integration and restructuring costs	**2,193**	—
Amortization of Pay TV assets reclassified as assets held for disposal	**(1,029)**	—
Adjusted net income attributable to shareholders	**42,484**	51,906
Basic earnings per share	**$0.47**	$ 0.60
Adjustments, net of tax:		
Impact of business acquisition, integration and restructuring costs	**0.03**	—
Amortization of Pay TV assets reclassified as assets held for disposal	**(0.01)**	—
Adjusted basic earnings per share	**$0.49**	$0.60

Net Debt and Net Debt to Segment Profit

Net debt is calculated as long-term debt less cash and cash equivalents as reported in the Consolidated Statements of Financial Position. Net debt is an important measure as it reflects the principal amount of debt owing by the Company as at a particular date. Net debt to segment profit is an important measure of the Company's liquidity. Net debt and net debt to segment profit do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other companies.

(thousands of Canadian dollars)	**As at November 30, 2015**	As at August 31, 2015
Total bank debt and notes	**781,518**	801,002
Cash and cash equivalents	**(42,170)**	(37,422)
Net debt	**739,348**	763,580

(thousands of Canadian dollars)	**As at November 30, 2015**	As at August 31, 2015
Net debt (numerator)	**739,348**	763,580
Segment profit (denominator)[1]	**279,789**	277,187
Net debt to segment profit	**2.6**	2.8

[1] Reflects aggregate amounts for the most recent four quarters, as detailed in the table in the "Quarterly Consolidated Financial Information" section and includes the segment profit of the acquired assets from the date of acquisition.

IMPACT OF NEW ACCOUNTING POLICIES

The International Accounting Standards Board ("IASB") continues to issue new and revised IFRS. A listing of the recent accounting pronouncements promulgated by the IASB and not yet adopted by the Company is included in note 3 in the Company's August 31, 2015 consolidated financial statements and note 3 in the Company's November 30, 2015 interim condensed consolidated financial statements.

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

[unaudited - in thousands of Canadian dollars]	**As at November 30, 2015**	As at August 31, 2015
ASSETS		
Current		
Cash and cash equivalents	**42,170**	37,422
Accounts receivable	**212,747**	164,600
Income taxes recoverable	**—**	12,439
Prepaid expenses and other	**13,735**	13,855
Assets held for disposal (note 18)	**165,814**	—
Total current assets	**434,466**	228,316
Tax credits receivable	**25,459**	25,958
Intangibles, investments and other assets (note 4)	**168,082**	60,589
Property, plant and equipment	**136,344**	139,140
Program and film rights (note 5)	**450,588**	315,899
Film investments (note 6)	**41,558**	36,549
Broadcast licenses (notes 7 and 18)	**906,590**	956,984
Goodwill (notes 7, 17 and 18)	**775,688**	827,859
Deferred tax assets	**37,995**	40,815
	2,976,770	2,632,109
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (note 18)	**240,768**	210,971
Current portion of long-term debt (note 8)	**150,000**	150,000
Income taxes payable	**834**	—
Provisions	**9,436**	8,930
Liabilities associated with assets held for disposal (note 18)	**63,472**	—
Total current liabilities	**464,510**	369,901
Long-term debt (note 8)	**631,518**	651,002
Other long-term liabilities (note 9)	**404,341**	138,833
Deferred tax liabilities	**238,507**	252,462
Total liabilities	**1,738,876**	1,412,198
SHAREHOLDERS' EQUITY		
Share capital (note 10)	**998,144**	994,571
Contributed surplus	**9,738**	9,471
Retained earnings	**207,574**	191,182
Accumulated other comprehensive income	**7,750**	7,353
Total equity attributable to shareholders	**1,223,206**	1,202,577
Equity attributable to non-controlling interest	**14,688**	17,334
Total shareholders' equity	**1,237,894**	1,219,911
	2,976,770	2,632,109

See accompanying notes
Subsequent event (note 19)

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, **2015**	2014
Revenues	**228,318**	227,111
Direct cost of sales, general and administrative expenses (note 11)	**132,440**	133,835
Depreciation and amortization	**11,002**	5,774
Interest expense (note 12)	**18,890**	12,681
Business acquisition, integration and restructuring costs	**2,361**	—
Other expense, net (note 13)	**3,925**	1,806
Income before income taxes	**59,700**	73,015
Income tax expense (note 14)	**16,877**	19,833
Net income for the period	**42,823**	53,182
Net income attributable to:		
Shareholders	**41,320**	51,906
Non-controlling interest	**1,503**	1,276
	42,823	53,182
Earnings per share attributable to shareholders:		
Basic	**$ 0.47**	$ 0.60
Diluted	**$ 0.47**	$ 0.60
Net income for the period	**42,823**	53,182
Other comprehensive income (loss), net of tax:		
Items that may be reclassified subsequently to income:		
Unrealized foreign currency translation adjustment	**299**	1,230
Unrealized change in fair value of available-for-sale investments	**(116)**	(310)
Unrealized change in fair value of cash flow hedges	**214**	(38)
	397	882
Comprehensive income for the period	**43,220**	54,064
Comprehensive income attributable to:		
Shareholders	**41,717**	52,788
Non-controlling interest	**1,503**	1,276
	43,220	54,064

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

[unaudited - in thousands of Canadian dollars]	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total equity attributable to shareholders	Non-controlling interest	Total equity
At August 31, 2015	994,571	9,471	191,182	7,353	1,202,577	17,334	1,219,911
Comprehensive income	—	—	41,320	397	41,717	1,503	43,220
Dividends declared	—	—	(24,928)	—	(24,928)	(4,149)	(29,077)
Issuance of shares under dividend reinvestment plan	3,573	—	—	—	3,573	—	3,573
Share-based compensation expense	—	267	—	—	267	—	267
At November 30, 2015	**998,144**	**9,738**	**207,574**	**7,750**	**1,223,206**	**14,688**	**1,237,894**
At August 31, 2014	967,330	8,385	313,361	3,767	1,292,843	17,283	1,310,126
Comprehensive income	—	—	51,906	882	52,788	1,276	54,064
Dividends declared	—	—	(23,464)	—	(23,464)	(4,134)	(27,598)
Issuance of shares under stock option plan	1,711	(292)	—	—	1,419	—	1,419
Issuance of shares under dividend reinvestment plan	5,485	—	—	—	5,485	—	5,485
Share-based compensation expense	—	529	—	—	529	—	529
At November 30, 2014	974,526	8,622	341,803	4,649	1,329,600	14,425	1,344,025

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

[unaudited - in thousands of Canadian dollars]	Three months ended November 30, 2015	2014
OPERATING ACTIVITIES		
Net income for the period	**42,823**	53,182
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	**11,002**	5,774
Amortization of program and film rights	**54,263**	54,337
Amortization of film investments	**3,331**	6,921
Deferred income taxes	**1,938**	2,847
Share-based compensation expense	**267**	529
Venture fund distribution gain	**(533)**	—
Imputed interest on long-term liabilities	**10,451**	3,496
Other	**198**	482
Net change in non-cash working capital balances related to operations	**(29,825)**	(26,449)
Payment of program and film rights	**(45,129)**	(50,417)
Net additions to film investments	**(9,827)**	(13,815)
Cash provided by operating activities	**38,959**	36,887
INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(2,703)**	(2,823)
Consideration for assets held for disposal (note 18)	**21,100**	—
Business combination (note 17)	**(2,476)**	—
Venture fund distribution	**1,684**	—
Net cash flows for intangibles, investments and other assets	**(2,663)**	(15,161)
Other	**(2,328)**	(511)
Cash provided by (used in) investing activities	**12,614**	(18,495)
FINANCING ACTIVITIES		
Increase (decrease) in bank loans	**(19,999)**	19,791
Issuance of shares under stock option plan	**—**	1,419
Dividends paid	**(21,298)**	(17,919)
Dividends paid to non-controlling interest	**(4,149)**	(4,134)
Other	**(1,379)**	(1,294)
Cash used in financing activities	**(46,825)**	(2,137)
Net change in cash and cash equivalents during the period	**4,748**	16,255
Cash and cash equivalents, beginning of the period	**37,422**	11,585
Cash and cash equivalents, end of the period	**42,170**	27,840

Supplemental cash flow disclosures (note 16)
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 specialty, pay and conventional television networks; the operation of radio stations; 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, 2015, 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, 2015, which are available at www.sedar.com and on the Company's website at www.corusent.com.

These interim condensed consolidated statements of the Company for the three months ended November 30, 2015 were authorized for issue by the Company's Audit Committee on January 12, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The interim condensed consolidated financial statements have been prepared on a cost basis, except for derivative financial instruments and available-for-sale financial assets, which have been measured at fair value. The interim condensed consolidated financial statements are presented in Canadian dollars which is also the Company's functional currency and all values are rounded to the nearest thousand, except where otherwise noted. Each entity consolidated by the Company determines its own functional currency based on the primary economic environment in which the entity operates.

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

Pending Accounting Changes

IFRS 9 - *Financial Instruments: Classification and Measurement*

In July 2014, the IASB issued the final version of IFRS 9 – *Financial Instruments* which reflects all phases of the financial instrument project and replaces IAS 39 – *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for recognition and measurement impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

IFRS 15 – *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15 – *Revenue from Contracts with Customers*, which replaces IAS 18 - *Revenues* and covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, which will be September 1, 2018 for Corus. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

IAS 16 – *Property, Plant and Equipment* and IAS 38 – *Intangibles*

In May 2014, the IASB issued amendments to IAS 16 and IAS 38, prohibiting the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortization for intangible assets. These amendments are effective for annual periods beginning on or after January 1, 2016, which will be September 1, 2016 for Corus and is to be applied prospectively. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

4. INTANGIBLES, INVESTMENTS AND OTHER ASSETS

	Intangibles	Investments in associates	Other assets	Total
Balance - August 31, 2015	17,631	16,172	26,786	60,589
Net change in intangibles, investments and other assets	116,205	(379)	297	116,123
Amortization of intangibles	(5,834)	—	—	(5,834)
Reclassified as assets held for disposal (note 18)	(2,662)	—	—	(2,662)
Fair value adjustment	—	—	(134)	(134)
Balance - November 30, 2015	**125,340**	**15,793**	**26,949**	**168,082**

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

5. PROGRAM AND FILM RIGHTS

Balance - August 31, 2015	315,899
Net additions	247,199
Reclassified as assets held for disposal (note 18)	(58,247)
Amortization	(54,263)
Balance - November 30, 2015	**450,588**

6. FILM INVESTMENTS

Balance - August 31, 2015	36,549
Impairment recovery	408
Net additions	7,932
Amortization	(3,331)
Balance - November 30, 2015	**41,558**

7. BROADCAST LICENSES AND GOODWILL

The changes in the book value of broadcast licenses for the period ended November 30, 2015, were as follows:

Balance - August 31, 2015	956,984
Reclassified as assets held for disposal (note 18)	(50,394)
Balance - November 30, 2015	**906,590**

The changes in the book value of goodwill for the period ended November 30, 2015, were as follows:

Balance - August 31, 2015	827,859
Acquisition (note 17)	2,339
Reclassified as assets held for disposal (note 18)	(54,510)
Balance - November 30, 2015	**775,688**

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

8. LONG-TERM DEBT

	As at November 30, 2015	As at August 31, 2015
Bank loans	**238,965**	258,968
Senior unsecured guaranteed notes	**550,000**	550,000
Unamortized financing fees	**(7,447)**	(7,966)
	781,518	801,002
Less: current portion of bank loans	**(150,000)**	(150,000)
	631,518	651,002

Interest rates on the balance of the bank loans fluctuate with Canadian bankers' acceptances and/or LIBOR. As at November 30, 2015, the weighted average interest rate on the outstanding bank loans and Senior Unsecured Guaranteed Notes was 3.9% (2015 – 4.0%). Interest on the bank loans and Notes averaged 4.2% for the first quarter of fiscal 2016 (2015 – 4.0%).

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, 2015.

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

On February 25, 2015, the Company's credit agreement was amended to extend the maturity date of the Revolving Facility which consists of a committed credit of $500,000 from February 11, 2017 to February 25, 2019. As a revolving facility, amounts borrowed may be repaid and re-borrowed as required through the term of the Revolving Facility. The commitment expires at the maturity date and there are no mandatory reductions to the committed amount, subject to certain covenants, during the term of the facility. As at November 30, 2015, approximately $90,000 of the Revolving Facility was utilized.

On February 3, 2014, the Company's credit agreement was amended and restated to establish a two year $150,000 Term facility, which was incremental to the existing $500,000 Revolving Facility. The $150,000 Term Facility was fully drawn on inception and the proceeds were used to reduce the amount drawn on the Revolving Facility at that time. The Term Facility matures on February 3, 2016 and as a result is classified as current on the statement of financial position. As a term facility the amount borrowed may be repaid but once repaid is no longer available to re-borrow. As at November 30, 2015, the Term Facility was fully drawn.

On February 3, 2014, the Company entered into Canadian dollar interest rate swap agreements to fix the interest rate on the $150,000 Term Facility at 1.375%, plus an applicable margin, to February 3, 2016. The fair value of Level 2 financial instruments, such as interest rate swap agreements is calculated by way of discounted cash flows, using market interest rates and applicable credit spreads. The Company has assessed that there is no ineffectiveness in the hedge of its interest rate exposure. The effectiveness of the hedging relationship is reviewed on a quarterly basis. As an effective hedge, unrealized gains or losses on the interest rate swap agreements are recognized in other comprehensive income.

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

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

9. OTHER LONG-TERM LIABILITIES

Balance - August 31, 2015	138,833
Net increase in long-term liabilities	289,372
Imputed interest	9,982
Reclassified as liabilities associated with assets held for disposal (note 18)	(33,846)
Balance - November 30, 2015	**404,341**

Net increase in long-term liabilities results primarily from increases in long-term program rights payable and intangible liabilities associated with new licensing agreements commenced in fiscal 2016.

10. SHARE CAPITAL

Authorized

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

Issued and outstanding

	Class A Voting Shares		Class B Non-Voting Shares		Total
	#	$	#	$	$
Balance – August 31, 2015	3,425,792	26,529	83,754,787	968,042	994,571
Issuance of shares under dividend reinvestment plan	—	—	305,143	3,573	3,573
Balance – November 30, 2015	**3,425,792**	**26,529**	**84,059,930**	**971,615**	**998,144**

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,	
	2015	2014
Net income attributable to shareholders (numerator)	**41,320**	51,906
Weighted average number of shares outstanding (denominator)		
Weighted average number of shares outstanding - basic	**87,277**	85,913
Effect of dilutive securities	**—**	69
Weighted average number of shares outstanding - diluted	**87,277**	85,982

The calculation of diluted earnings per share for the first quarter of fiscal 2016 excluded 2,560,873 (2015 – 942,862) weighted average Class B Non-Voting Shares issuable under the Company's Stock Option Plan because these options were not "in-the-money".

Share-based compensation

The following table provides additional information on the employee stock options, Performance Share Units ("PSUs"), Deferred Share Units ("DSUs"), and Restricted Share Units ("RSUs") as at:

	November 30, 2015	August 31, 2015
Outstanding employee stock options	**2,560,873**	2,560,873
Exercisable employee stock options	**1,686,923**	1,171,548
Outstanding PSUs	**979,125**	955,896
Outstanding DSUs	**889,992**	740,338
Outstanding RSUs	**270,102**	149,568

Share-based compensation expense (recovery) recorded for the first quarter of fiscal 2016 in respect of these plans was ($230) (2015 – $898). As at November 30, 2015, the carrying value of the PSU, DSU and RSU units that have vested, multiplied by the closing share price at the end of the quarter, was $13,273 (August 31, 2015 – $19,820).

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

11. DIRECT COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended **November 30,**	
	2015	2014
Direct cost of sales		
Amortization of program and film rights	**54,263**	54,337
Amortization of film investments	**3,331**	6,921
Other cost of sales	**5,725**	5,540
General and administrative expenses		
Employee costs	**37,233**	34,454
Other general and administrative	**31,888**	32,583
	132,440	133,835

12. INTEREST EXPENSE

	Three months ended **November 30,**	
	2015	2014
Interest on long-term debt	**7,986**	8,749
Imputed interest on long-term liabilities	**10,451**	3,496
Other	**453**	436
	18,890	12,681

13. OTHER EXPENSE (INCOME), NET

	Three months ended **November 30,**	
	2015	2014
Interest income	**(15)**	(11)
Foreign exchange	**3,287**	807
Equity loss of investees	**382**	475
Venture fund distribution gain	**(533)**	—
Other	**804**	535
	3,925	1,806

During the quarter, the Company received cash proceeds of $1,684 from Steamboat Ventures relating to its disposal of an investment, of which $1,151 relates to a return on capital.

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

14. INCOME TAXES

The reconciliation of income taxes attributable to operations computed at the statutory tax rates to income tax expense for year-to-date fiscal 2016 and 2015 is as follows:

	Three months ended **November 30,**			
		2015		2014
	$	**%**	$	%
Income tax at combined federal and provincial rates:	**15,842**	**26.5%**	19,320	26.5%
Loss subject to tax at less than statutory tax rates	**58**	**0.1%**	98	0.1%
Transaction costs	**481**	**0.8%**	—	— %
Increase (recovery) of various tax reserves	**58**	**0.1%**	(141)	(0.2%)
Miscellaneous differences	**438**	**0.8%**	556	0.8%
	16,877	**28.3%**	19,833	27.2%

15. BUSINESS SEGMENT INFORMATION

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

Television

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

Radio

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

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

Management evaluates each division's performance based on revenues less direct cost of sales, general and administrative expenses. Segment profit excludes depreciation and amortization, interest expense, restructuring, impairments and certain other income and expenses not considered directly attributable to segment operations.

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

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

Revenues and segment profit

Three months ended November 30, 2015

	Television	**Radio**	**Corporate**	**Consolidated**
Revenues	**183,718**	**44,600**	**—**	**228,318**
Direct cost of sales, general and administrative expenses	**95,683**	**31,797**	**4,960**	**132,440**
Segment profit (loss)	**88,035**	**12,803**	**(4,960)**	**95,878**
Depreciation and amortization				**11,002**
Interest expense				**18,890**
Business acquisition, integration and restructuring costs				**2,361**
Other expense, net				**3,925**
Income before income taxes				**59,700**

Three months ended November 30, 2014

	Television	Radio	Corporate	Consolidated
Revenues	181,490	45,621	—	227,111
Direct cost of sales, general and administrative expenses	97,711	32,801	3,323	133,835
Segment profit (loss)	83,779	12,820	(3,323)	93,276
Depreciation and amortization				5,774
Interest expense				12,681
Other expense, net				1,806
Income before income taxes				73,015

The following tables present further details on the operating segments within the Television and Radio segments:

Revenues are derived from the following areas:

	For the three months ended **November 30,**	
	2015	2014
Advertising	**115,341**	120,966
Subscriber fees	**86,954**	85,414
Merchandising, distribution and other	**26,023**	20,731
	228,318	227,111

16. CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Three months ended **November 30,**	
	2015	2014
Interest paid	**2,651**	1,755
Interest received	**15**	11
Income taxes paid	**292**	916

17. BUSINESS COMBINATIONS

Acquisition of assets of Fast File Media Services Inc. ("Fast File")

On September 16, 2015, the Company acquired certain assets of Fast File's business for a purchase price of $2,476. These assets have been accounted for at their fair value. These assets are included in the Television segment effective September 16, 2015. The purchase price equation was accounted for using the acquisition method.

18. ASSETS HELD FOR DISPOSAL

Disposition of Certain Pay Television Assets ("Pay TV")

On November 19, 2015, the Company entered into an agreement with Bell Media Inc. ("Bell") to discontinue operations of its Pay TV business (Movie Central, Encore and HBO Canada) and facilitate certain contractual and other arrangements, and take certain other actions, that are necessary or desirable in connection with Bell's intent to expand its premium pay television services on a national basis. Bell, as of January 5, 2016, has paid the Company the full amount of $211,000 in consideration to support Bell's national expansion. The consideration received as at November 30, 2015, of $21,100 has been recorded in accounts payable and accrued liabilities on the statement of financial position until the Company's Pay TV business ceases operations. This is expected to occur in the first calendar quarter of 2016.

On November 19, 2015, the Company determined that the carrying value of certain programming assets, broadcast licenses, and goodwill, along with some directly associated program right liabilities formed a disposal group, whose value would not be recovered principally through continuing use. Accordingly, the disposal group has been presented separately in the statements of financial position as held for disposal in accordance with *IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations*, measured at the lower of carrying value and fair value less costs to sell, and amortization on such assets has ceased. The Company's business activities are conducted through two operating segments, Television and Radio. The disposal group, Pay TV, is not a separate operating segment, but it is included as part of the Television operating segment. Accordingly, the disposal group, Pay TV, does not qualify for discontinued operations presentation and as a result its operating results remain in continuing operations. Amortization of program and film rights in the Television segment for the three months ended November 30, 2015 is approximately $1,400 lower than it would have been had these assets continued to be amortized.

19. SUBSEQUENT EVENT

Pending Transaction with Related Party

On January 13, 2016, the Company announced that it had entered into a share purchase agreement with Shaw Communications Inc. ("Shaw") pursuant to which the Company agreed to acquire Shaw Media Inc. ("Shaw Media") from Shaw (the "Acquisition") for purchase consideration of $2.65 billion, consisting of cash consideration of approximately $1.85 billion and the issuance of Corus Class B common shares to Shaw valued at approximately $800 million, subject to certain working capital adjustments. Shaw Media operates Global Television and 19 of the country's specialty channels, and their online companions, including Food Network Canada, HGTV Canada, HISTORY, Slice, National Geographic Channel and Showcase. Shaw Media also offers viewers local and national news programming from coast to coast. The Acquisition will be a business combination between entities under common control and will be accounted for by the Company using the acquisition method. The Company has not completed the valuation of assets acquired and liabilities to be assumed.

The Company has secured fully committed financing in connection with the transaction. The Acquisition and the refinancing of existing debt will be funded with $2.3 billion of committed credit facilities and $560 million of bridge financing.

The transaction is expected to close in the third quarter of fiscal 2016 subject to approval by Corus' minority shareholders, at a special meeting of shareholders and the completion of certain regulatory approvals.

ENTERTAINMENT