Fourth Quarter 2018 Report to Shareholders

For the Three Months and Year Ended August 31, 2018 (unaudited)

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FINANCIAL HIGHLIGHTS

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

(in thousands of Canadian dollars except per share amounts)	Three months ended August 31, 2018	Three months ended August 31, 2017	Year ended August 31, 2018	Year ended August 31, 2017
Revenues				
Television	**344,646**	346,008	**1,499,322**	1,529,792
Radio	**34,438**	35,204	**148,025**	149,216
	379,084	381,212	**1,647,347**	1,679,008
Segment profit [(1)]				
Television	**108,738**	107,253	**541,789**	564,367
Radio	**8,457**	8,302	**40,308**	39,527
Corporate	**(2,634)**	(7,954)	**(6,469)**	(25,811)
	114,561	107,601	**575,628**	578,083
Net income (loss) attributable to shareholders	**33,675**	28,919	**(784,509)**	191,665
Adjusted net income attributable to shareholders [(1)]	**39,534**	43,944	**238,411**	220,488
Basic earnings (loss) per share	**$0.16**	$0.14	**($3.77)**	$0.95
Adjusted basic earnings per share [(1)]	**$0.19**	$0.22	**$1.14**	$1.10
Diluted earnings (loss) per share	**$0.16**	$0.14	**($3.77)**	$0.95
Free cash flow [(1)]	**95,966**	80,202	**349,007**	292,660

[(1)] Segment profit, adjusted net income attributable to shareholders, adjusted basic earnings per share, and free cash flow do not have standardized meanings prescribed by IFRS. The Company believes these non-IFRS measures are frequently used as key measures to evaluate performance. For definitions, explanations and reconciliations see discussion under the Key Performance Indicators section of the Fourth Quarter 2018 Report to Shareholders.

HIGHLIGHTS IN THE QUARTER

- On June 4, 2018, the Company announced its programming lineup of new and returning Canadian original hits for its 2018/2019 schedule. Commissioning nearly 40 series to date for the broadcast year, Corus is dedicated to developing extraordinary Canadian content across its suite of premium networks. This year, Corus Studios introduces a diverse range of programming including *Fire Masters*, *Big Food Bucket List*, and previously announced series *Island of Bryan*, *Backyard Builds*, *$ave My Reno*, *Rust Valley Restorers*, *Big Rig Warriors*, *History Erased* and *STITCHED*. In the kids space, Nelvana, a leading producer and global distributor of children's animated content, ushers in four new original series including *Bravest Warriors*, *Esme and Roy*, *Corn and Peg* and *Miss Persona*, and returning show *Max & Ruby*, which are set to premiere on Corus' kids networks in 2018/2019. This slate of Corus Studios and Nelvana content is also available for international sale.
- On June 4, 2018, the Company announced its content slate for the 2018/2019 broadcast year across its collection of premium specialty networks. Corus' specialty programming offerings include four new drama series *All American*, *Charmed*, *Pretty Little Liars: The Perfectionists* and *Roswell, New Mexico* and returning hits *Outlander* and *The Good Fight* on W Network; new series *Legacies* and returning favourites *Supergirl* and *Marvel's Runaways* on Showcase; newly greenlit series such as the first-ever version of *Iron Chef Canada* on Food Network; and new original series *Go Away Unicorn* on YTV, *Esme and Roy* and *Bravest Warriors* on TELETOON.
- On June 4, 2018, the Company's Global subsidiary unveiled its 2018/2019 primetime lineup featuring seven new, highly sought-after series including dramas *New Amsterdam* and *FBI*; and four new comedies *The Neighborhood, Happy Together, I Feel Bad and Abby's.* These new properties join the network's 20 returning hits, including *Survivor*, the *NCIS* franchise, *Saturday Night Live*, *SWAT*, *9-1-1* and originals *Big Brother Canada*, *Mary Kills People* and *Private Eyes,* with the fall schedule also including 17 hours of simulcast.
- On June 5, 2018, the Government of Canada announced the launch of a review of the *Broadcasting Act,* the *Telecommunications Act,* and the *Radiocommunication Act.* Led by an appointed panel of external experts, the review will address competition and affordability for internet and mobile wireless, and examine how to best support the creation, production and distribution of Canadian content in the digital age. The review will be guided by the principle of net neutrality and will explore opportunities to further enshrine in legislation the principles of net neutrality in the provision and carriage of all telecommunication services. The panel is expected to engage with the industry, creators and Canadians.
- On June 27, 2018, the Company announced a new dividend framework with respect to its revised Capital Allocation Policy. The new dividend policy is as follows:
  - Effective September 1, 2018, Corus' annual dividend rate will be adjusted to $0.24 per Class B Share and $0.235 per Class A Share, in line with both the Company's long-term goal of maintaining a dividend yield in excess of 2.5% and current industry peer benchmarks.
  - The dividend payment schedule will be changed from monthly to quarterly to be more consistent with industry practices.
  - As permitted under Corus' Dividend Reinvestment Plan (the "Plan"), in lieu of issuing new shares, Corus will satisfy its share delivery obligation under the Plan by purchasing Class B Shares on the open market. In addition, Corus will move to a 0% discount for shares delivered under the plan.
- On June 28, 2018, the Company and TPX (The Podcast Exchange) announced a partnership that will see TPX sell Corus podcasts in Canada and the US. CuriousCast, Corus' new, growing podcast network, features podcast programming from across its 39 radio stations, and a host of original podcasts like *The Ongoing History of New Music with Alan Cross,* with plans to roll out an exciting new slate of original podcasts over the next 12 months.
- On June 29, 2018, 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 July 31, 2018, 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 August 3, 2018, the Company's 92.5 Fresh Radio relaunched as 92.5 the 'Chuck, giving audiences an exciting, unpredictable mix of pop rock and variety from the 80s through today.
- On August 27, 2018, the Company's local affiliates, Peterborough's CHEX and Kingston's CKWS, rebranded as Global Peterborough and Global Kingston, bringing them under the Global umbrella.
- On August 30, 2018, the Canadian Radio-television and Telecommunications Commission (the "CRTC") released its Group-based Licensing Reconsideration decision for the television services of large English- and French-language private ownership groups. The decision of the CRTC introduces amendments to Programs of National Interest ("PNI") expenditure requirements and additional temporary funding of Music Programming. For the Company, this translates into an increased level of 8.5% PNI from a previous level of 5% PNI, with no change to Corus' overall Canadian Programming Expenditure requirement of 30% of prior year's regulated

revenue. The new requirements will be effective September 1, 2018 and will apply until August 31, 2022.

- On August 31, 2018, 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.

HIGHLIGHTS SUBSEQUENT TO THE QUARTER

- On September 9, 2018, the Company's brands and people were recognized at the 2018 Canadian Country Music Association Awards including Edmonton's CISN Country 103.9 receiving top honour for Radio Station of the Year – Large Market.
- On September 12, 2018, the Company's Nelvana subsidiary and Sony Pictures Animation announced the renewal of the hit animated comedy *Hotel Transylvania: The Series* for a second season. Disney Channel in the U.S. and their global territories, and TELETOON Canada, are set to broadcast the new episodes once production is completed and the series is available for broadcast.
- On September 13, 2018, the Company's Historia was recognized at the 33rd Gémeaux Awards Technical and Documentary Gala with Best Original Music: Documentary (Luc St-Pierre) for *Espions parmi nous* (*Amalga*).
- On September 16, 2018, the Company's Séries+ was recognized with three awards at the 33rd Gala des Gémeaux for its original production *Plan B* (KOTV), including: Best Dramatic Series, Best Female Lead: Drama Series (Magalie Lépine-Blondeau) and Best Direction: Drama Series (Jean-François Asselin).
- On September 19, 2018, the Company's Nelvana subsidiary announced three new greenlit productions including digital-first, live-action series *Miss Persona*, and two new animated series, *P.U.R.S.T Agent Binky* and *The Remarkable Mr. King*, based on the popular Corus-owned Kids Can Press titles. Nelvana, which holds global distribution and merchandising rights to all three properties, will introduce the series to the international market at MIPCOM in October 2018.
- On September 19, 2018, Bill S-228, an Act to amend the *Food and Drugs Act* (prohibiting food and beverage marketing directed at children), passed Third Reading in the House of Commons, and now awaits Royal Assent. Upon receipt of Royal Assent, the bill will become law but will not come into force until October 2020 at the earliest. Health Canada is drafting the regulations that will accompany the law. The Company contributed to an industry response as part of a public consultation that was launched by Health Canada in connection with this matter. Health Canada will be holding an information session on November 5, 2018 at which further detail on the regulations is expected to be provided.
- On October 1, 2018, the Company's Nelvana subsidiary announced a Canadian licensing and broadcasting partnership with renowned toy and entertainment company Mattel for its iconic Thomas & Friends property. Nelvana becomes the exclusive Canadian licensing agent for Thomas & Friends across multiple merchandise categories, excluding toys. Treehouse becomes the new hub for the long-running *Thomas & Friends* series, which will be available across the network's traditional and non-linear platforms.
- On October 1, 2018, the Federal Court of Appeal sided with Bell Canada in a long-running dispute over the Wholesale Code - a controversial part of the CRTC's Let's Talk TV policy framework, which imposed new rules on the commercial relationships of broadcasters and distributors. In a split decision, the majority of the Court held that the CRTC overstepped its jurisdiction by choosing to enact the Code through a mandatory distribution ("9(1)(h)") order. As a result, the Court invalidated the Code. Notably, the Court did not raise concerns regarding the substance of the Code itself and left open the possibility that the Code could have been enacted by other means. Parties across the industry, including the CRTC, are studying the impact of the Court's decision.
- On October 2, 2018, the Company's Corus Studios subsidiary announced the introduction of three new series to the international market at MIPCOM in October 2018, including *Fire Masters*, *Big Food Bucket List* and *Salvage Kings* (working title). The Company continues to grow its slate of distinct original series developed for its portfolio of Lifestyle channels, which features an array of genres including travel and escape, fashion, food, automotive, cultural and factual content.
- On October 4, 2018, the Company's Corus Studios subsidiary announced multiple new international content sales for a number of its original lifestyle series to buyers in the U.S., India, Italy, South Africa and Canada. Included in the list of series sold were *Backyard Builds*, *Home to Win*, *Masters of Flip*, *Worst to First* and *The Baker Sisters*.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of the financial position and results of operations for the three months and year ended August 31, 2018 is prepared at October 18, 2018. 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, 2017 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 INFORMATION

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

To the extent any statements made in this report contain information that is not historical, these statements are forward-looking statements and may be forward-looking information within the meaning of applicable securities laws (collectively, "forward-looking information"). 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 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 may be considered forward-looking information. Although Corus believes that the expectations reflected in such forward-looking information are reasonable, such information involves assumptions and risks and uncertainties and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied with respect to the forward-looking information, including without limitation: factors and assumptions regarding the general market conditions and general outlook for the industry, interest rates, stability of the advertising, distribution, merchandise and subscription markets, operating and capital costs and tariffs, taxes and fees, our ability to source desirable content and our capital and operating results being consistent with our expectations. Actual results may differ materially from those expressed or implied in such information. Important factors that could cause actual results to differ materially from these expectations include, among other things: our ability to attract and retain advertising revenues; audience acceptance of our television programs and cable networks; our ability to recoup production costs, the availability of tax credits and the existence of co-production treaties; our ability to compete in any of the industries in which we do business; the opportunities (or lack thereof) that may be presented to and pursued by us; conditions in the entertainment, information and communications industries and technological developments therein; changes in laws or regulations or the interpretation or application of those laws and regulations; our ability to integrate and realize anticipated benefits from our acquisitions and to effectively manage our growth; our ability to successfully defend ourselves against litigation matters arising out of the ordinary course of business; and changes in accounting standards. Additional information about these factors and about the material assumptions underlying any forward-looking information may be found under the heading "Risks and Uncertainties" in the Management's Discussion and Analysis for the year ended August 31, 2017 and this document and under the heading "Risk Factors" in our Annual Information Form. Corus cautions that the foregoing list of important assumptions and factors that may affect future results is not exhaustive. When relying on our forward-looking information to make decisions with respect to Corus, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Unless otherwise specified, all forward-looking information in this document speaks as of the date of this document. Unless otherwise required by applicable securities laws, Corus disclaims any intention or obligation to publicly update or revise any forward-looking information whether as a result of new information, events or circumstances that arise after the date thereof or otherwise.

For a discussion on the Company's results of operations for fiscal 2017, we refer you to the Company's Annual Report for the year ended August 31, 2017, filed on SEDAR on December 11, 2017.

OVERVIEW OF CONSOLIDATED RESULTS

REVENUES

Consolidated revenues for the fourth quarter of fiscal 2018 of $379.1 million decreased less than 1% compared to $381.2 million in the prior year. On a consolidated basis, advertising revenues decreased 4%, while merchandising, distribution and other revenues increased 18% and subscriber revenues increased 1%. Revenues were consistent with the prior year in Television and decreased in Radio by 2% in the fourth quarter compared to the prior year.

For the year ended August 31, 2018, consolidated revenues of $1,647.3 million decreased 2% from $1,679.0 million in the prior year. On a consolidated basis, advertising revenues decreased 3%, merchandising, distribution and other revenues increased by 5%, and subscriber revenues were consistent with the prior year. Revenues decreased by 2% in Television and 1% in Radio for the year 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 fourth quarter of fiscal 2018 of $264.5 million decreased 3% from $273.6 million in the prior year. On a consolidated basis, direct cost of sales for the quarter were consistent with the prior year while employee costs and other general and administrative expenses decreased by 8% and 4%, respectively. The decrease in employee costs was primarily due to a reduction in share-based compensation expense.

For the year ended August 31, 2018, direct cost of sales, general and administrative expenses of $1,071.7 million decreased 3% from $1,100.9 million in the prior year. On a consolidated basis, direct cost of sales were consistent with the prior year while employee costs decreased 6%, and other general and administrative expenses decreased 3%. The decrease in employee costs was primarily due to a reduction in share-based compensation expense. Further analysis of expenses is provided in the discussion of segmented results.

SEGMENT PROFIT

Consolidated segment profit for the fourth quarter of fiscal 2018 was $114.6 million, an increase of 6% from $107.6 million in the prior year. Segment profit margin for the fourth quarter of fiscal 2018 was 30%, up from 28% in the prior year.

For the year ended August 31, 2018, consolidated segment profit was $575.6 million, relatively consistent with $578.1 million in the prior year. Segment profit margin of 35% for the year ended August 31, 2018 was up from 34% in the prior year. Further analysis is provided in the discussion of segmented results.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for the three months and year ended August 31, 2018 was $19.8 million and $81.9 million, respectively, a decrease from $22.8 million and $91.8 million in the same comparable periods in the prior year. The decrease in the quarter and the 2018 fiscal year arises primarily from lower capital expenditures in the current year.

INTEREST EXPENSE

Interest expense for the three months and year ended August 31, 2018 was $31.0 million and $127.3 million, respectively, a decrease from $38.1 million and $156.7 million in the same comparable periods in the prior year. The decrease in the quarter and full year results from lower interest on bank debt of $2.3 million and $14.0 million, respectively due to a lower interest rate margin resulting from reduced leverage, and lower bank debt in the current year. Imputed interest was also lower by $2.4 million for the quarter and $8.3 million for the full year, than the comparable periods as a result of the reduction of long-term liabilities associated with program rights, trade marks, and Canadian Radio-television and Telecommunications Commission ("CRTC") benefit obligations.

The effective interest rate on bank loans for the three months and year ended August 31, 2018 was 4.5% and 4.3%, respectively, compared to 4.7% in both comparable periods in the prior year. The decrease in the effective rate for the fourth quarter and year was attributable to a lower interest rate margin resulting from reduced leverage.

BROADCAST LICENSE AND GOODWILL IMPAIRMENT

Broadcast licenses and goodwill are tested for impairment annually as at August 31 or more frequently if events or changes in circumstances indicate that they may be impaired. In the third quarter of fiscal 2018, management identified indicators of impairment at the enterprise level, notably a significant decline in the Company's share price from August 31, 2017, which resulted in the Company's carrying value being significantly greater than its current market enterprise value. Accordingly, interim goodwill impairment testing was required for both the Television and Radio cash generating units ("CGUs"). As a result of these tests, the Company recorded a non-cash goodwill impairment charge of $1,000.0 million in the Television operating segment in the third quarter of fiscal 2018. No goodwill impairment was identified on the Radio operating segment CGU (refer to note 9 of the interim condensed consolidated financial statements for further details).

In addition, certain Radio markets had actual results and revised financial projections that fell short of previous estimates, indicating that interim broadcast license impairment testing was required. As a result of these tests, the Company recorded non-cash broadcast license impairment charges of $13.7 million in the Radio segment (refer to note 9 of the interim condensed consolidated financial statements for further details).

The Company has completed its annual impairment testing of broadcast licenses and goodwill and determined there are no further impairment charges or recoveries required at August 31, 2018.

BUSINESS ACQUISITION, INTEGRATION AND RESTRUCTURING COSTS

For the three months and year ended August 31, 2018, the Company incurred $7.7 million and $17.1 million, respectively of business acquisition, integration and restructuring costs, compared to $13.3 million and $32.0 million in the same comparable periods in the prior year. The current fiscal year costs related to restructuring costs associated with employee exits as well as costs associated with the denial by the Competition Bureau of the sale of Historia and Séries+, and shutdown of the Sundance Channel. The prior year costs were attributable to ongoing integration activities, as well as an onerous premise lease provision of approximately $7.0 million for the previous Shaw Media offices in Toronto, which were fully vacated during the first quarter of fiscal 2017. These charges are excluded from the determination of segment profit.

OTHER EXPENSE (INCOME), NET

Other expense for three month period ended August 31, 2018 was $0.6 million, compared to income of $16.5 million in the prior year. In the current quarter, other expense includes a foreign exchange loss of $1.3 million and an equity loss from associates of $0.3 million, offset by income of $1.0 million from the settlement of certain regulatory fees. In the second quarter of fiscal 2018, the Company entered into a series of forward foreign exchange contracts totalling $98.0 million USD, to fix the foreign exchange rate and cash flows related to a portion of USD denominated liabilities. This resulted in unrealized foreign exchange gains of $0.1 million in the quarter and $3.8 million for the year, which offset foreign exchange losses recorded related to period end revaluations of USD denominated liabilities. Further discussion of this can be found in the *Liquidity and Capital Resources* section of this report under the heading *Derivative Financial Instrument*s. The prior year includes a foreign exchange gain of $19.6 million and a venture fund distribution of $2.9 million offset by equity losses from associates of $0.5 million and impairment charges related to certain investments of $5.3 million.

Other expense for the year ended August 31, 2018 was $5.7 million compared to income of $9.0 million in the prior year. In the current year, other expense includes a foreign exchange loss of $5.4 million, equity losses from associates of $1.6 million, offset by income of $1.2 million from the settlement of certain regulatory fees and the benefit of miscellaneous interest and other income. The prior year includes a foreign exchange gain of $12.2 million, a venture fund distribution of $2.9 million, and interest income of $1.0 million, offset by equity losses from associates of $2.7 million and impairment charges related to certain investments of $5.3 million.

INCOME TAX EXPENSE

The Company's statutory tax rate for both the three months and year ended August 31, 2018 was 26.5%. The Company's effective income tax rates for the three months and year ended August 31, 2018 were positive 28.1% and a negative 13.2%, respectively. The significant difference between the statutory rate and effective tax rate for the year ended August 31, 2018 resulted from the impairment recorded on goodwill in the television operating segment in the third quarter. The effective income tax rate for the three months and year ended August 31, 2017 was 28.4% and 26.9%, respectively, consistent with the Company's statutory income tax rate.

NET INCOME (LOSS) ATTRIBUTABLE TO SHAREHOLDERS AND EARNINGS (LOSS) PER SHARE

Net income attributable to shareholders for the fourth quarter of fiscal 2018 was $33.7 million ($0.16 per share basic), as compared to $28.9 million ($0.14 income per share basic) in the prior year. Net income attributable to shareholders for the fourth quarter of fiscal 2018 includes business acquisition, integration and restructuring costs of $7.7 million ($0.03 per share). Adjusting for the impact of this item results in an adjusted net income attributable to shareholders of $39.5 million ($0.19 per share basic) in the quarter. Net income attributable to shareholders for the fourth quarter of the prior year includes business acquisition, integration and restructuring costs of $13.3 million ($0.05 per share) and investment impairments of $5.3 million ($0.03 per share). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of $43.9 million

($0.22 per share basic) in the prior year quarter.

Net loss attributable to shareholders for the year ended August 31, 2018 was $784.5 million ($3.77 loss per share basic), as compared to net income attributable to shareholders of $191.7 million ($0.95 income per share basic) in the prior year. Net loss attributable to shareholders for fiscal 2018 includes broadcast license and goodwill impairment charges of $1,013.7 million ($4.85 per share) and business acquisition, integration and restructuring costs of $17.1 million ($0.06 per share). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of $238.4 million ($1.14 per share basic). Net income attributable to shareholders for the year ended August 31, 2017 includes business acquisition, integration and restructuring costs of $32.0 million ($0.12 per share) and investment impairments of $5.3 million ($0.03 per share). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of $220.5 million ($1.10 per share basic) for the prior fiscal year.

The weighted average number of basic shares outstanding for the three months and year ended August 31, 2018 was 210,479,000 and 208,257,000, respectively, compared to 202,256,000 and 201,065,000, in the prior year for the same comparable periods. The number of shares outstanding increased from the issuance of shares from treasury under the Company's dividend reinvestment plan.

OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAX

Other comprehensive income for the three months ended August 31, 2018 was $7.2 million, compared to $13.9 million in the prior year. For the three months ended August 31, 2018, other comprehensive income includes an actuarial gain on post-employment benefit plans of $7.4 million, an unrealized gain of foreign currency translation adjustments of $0.1 million, offset by an unrealized loss from the fair value of cash flow hedges of $0.3 million. The prior year other comprehensive income includes an actuarial loss on post-employment benefit plans of $2.4 million, an unrealized loss from foreign currency translation adjustments of $1.0 million, offset by an unrealized gain on the fair value of cash flow hedges of $17.4 million.

Other comprehensive income for the year ended August 31, 2018 was $25.1 million, compared to $33.4 million in the prior year. For the year ended August 31, 2018, other comprehensive income includes an actuarial gain on post-employment benefit plans of $11.6 million, an unrealized gain on the fair value of cash flow hedges of $12.9 million and an unrealized gain from foreign currency translation adjustments of $0.7 million, offset by an unrealized loss on the fair value of available-for-sale investments of $0.1 million. The prior year other comprehensive income includes an unrealized gain associated on the fair value of cash flow hedges of $27.4 million, an actuarial gain on post-employment benefit plans of $6.9 million, offset by an unrealized loss from foreign currency translation adjustments of $0.6 million, and an unrealized loss on the fair value of a venture fund investment of $0.3 million.

TELEVISION

The Television segment is comprised of 44 specialty television services (45 services prior to February 28, 2018), 15 conventional television stations and the Corus content business, which includes the production and distribution of films and television programs, merchandise licensing, book publishing, animation software and technology and media services.

FINANCIAL HIGHLIGHTS

(thousands of Canadian dollars)	Three months ended August 31, 2018	2017	Year ended August 31, 2018	2017
Revenues				
Advertising	**186,349**	193,801	**903,420**	939,843
Subscriber fees	**128,329**	127,110	**507,756**	506,666
Merchandising, distribution and other	**29,968**	25,097	**88,146**	83,283
Total revenues	**344,646**	346,008	**1,499,322**	1,529,792
Expenses	**235,908**	238,755	**957,533**	965,425
Segment profit (1)	**108,738**	107,253	**541,789**	564,367
Segment profit margin(1)	**32%**	31%	**36%**	37%

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

Total revenues in the fourth quarter of fiscal 2018 were consistent with the prior year as a result of a 4% decrease in advertising revenues, offset by a 1% increase in subscriber revenues and a 19% increase in merchandising, distribution and other revenues. The decline in advertising revenues was largely driven by continued soft television advertising market conditions and lower audience levels. The increase in subscriber revenues is primarily attributable to retroactive adjustments related to renewals of certain carriage agreements in the quarter, offset by the shut-down of the Sundance Channel earlier in the fiscal year. The increase in merchandising, distribution and other revenues reflects higher production and distribution revenues from increased deliveries and higher subscription video-on-demand licensing sales, offset by lower merchandising revenues.

For the year ended August 31, 2018, total revenues decreased 2% from the prior year as a result of a 4% decrease in advertising revenues, while subscriber revenues remained flat and merchandising, distribution and other revenues increased 6%. The decline in television advertising revenues reflects soft television advertising market conditions, lower audience levels and the negative impact of the 2018 Winter Olympics which was broadcast on competitor services. The increase in merchandising, distribution and other revenues reflect higher production and distribution revenues from increased deliveries and higher merchandising revenues, offset by lower revenues from service work.

Total expenses in the fourth quarter of fiscal 2018 decreased by 1%. Direct cost of sales (which includes amortization of program rights and film investments, and other cost of sales) were flat compared to the prior year. Amortization of program rights increased by 3% and was offset by lower film amortization expense at Nelvana. General and administrative expenses decreased 3% from the prior year, primarily reflecting ongoing focused cost control.

For the year ended August 31, 2018, total expenses decreased by 1%. Direct cost of sales were flat compared to the prior year while general and administrative expenses decreased by 1%. Amortization of program rights increased slightly during the year by 1% and were offset by lower film amortization expense at Nelvana. The decrease in general and administrative expenses reflects continued cost focus, offset by incremental investment in Advanced Advertising initiatives and higher costs for Global's morning shows, which were previously covered by CRTC benefit spending obligations that ceased on August 31, 2017.

Segment profit(1) increased 1% in the fourth quarter of fiscal 2018 and decreased 4% for the year. Segment profit margin(1) for the quarter and the year was 32% and 36%, respectively, compared to the prior year at 31% and 37% for the same comparable periods.

For the summer 2018, Global had four programs in the Top 10 and seven in the Top 20 for both Adults 25-54 and Females 25 - 54 with all three airings of *Big Brother* and new series *TKO: Total Knockout* ranking in the Top 10. Corus owns 12 of the Top 20 Canadian Entertainment Specialty channels, more than any other broadcaster and nine of Corus' specialty programs are in the Top 20 for Adults 25-54, up from seven in the Top 20 last summer. The top 5 kids networks for children 2-11 this summer were Corus networks(2).

In the third quarter of fiscal 2018, the Company recorded a non-cash goodwill impairment of $1,000.0 million with respect to the Television segment. The impairment charge resulted from the recoverable amount being lower than the carrying amount. The non-cash goodwill impairment charge is excluded from the determination of segment profit (refer to note 9 of the interim condensed consolidated financial statements for further details).

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

(2) Based on Numeris TV Meter, Total Canada, Q4 (Summer) weeks 40 - 52 each year; English Conventional National Program Rankers Summer '18 (May 28, - August 27, 2018) versus Summer 2017 (May 29, - August 27, 2017) based on 3+ airings excluding FIFA/NHL Playoffs; English Canadian Commercial Specialty Station Rankers excluding Sports stations; English Canadian Commercial Specialty Stations, Program Ranker Summer '18 (May 28, - August 27, 2018) versus Summer '17 (May 29, - August 27, 2017), exc. Sports stations, based on 3+ airings; and Kids network ranker based on Kids Specialty stations only.

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	August 31,	Year ended	August 31,
(thousands of Canadian dollars)	**2018**	2017	**2018**	2017
Revenues	**34,438**	35,204	**148,025**	149,216
Expenses	**25,981**	26,902	**107,717**	109,689
Segment profit[1]	**8,457**	8,302	**40,308**	39,527
Segment profit margin[1]	**25%**	24%	**27%**	26%

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

Revenues were down 2% in the fourth quarter of fiscal 2018. While revenues in the Ontario markets remained relatively consistent with the prior year, the western markets continued to experience revenue softness. For the full fiscal year, revenues were down 1% compared to the prior year, reflecting growth in the Ontario markets, offset by ratings challenges and softness in the western markets.

Direct cost of sales, general and administrative expenses decreased 3% in the fourth quarter of fiscal 2018 and 2% for the year, reflecting continued focus on cost containment and operating efficiencies, particularly with Global News operations.

Radio's segment profit[1] increased 2% in the fourth quarter of fiscal 2018 and the year. Segment profit margin[1] for the quarter and the year was 25% and 27%, respectively compared to 24% and 26% for the same comparable periods in the prior year.

In the third quarter of fiscal 2018, the Company recorded non-cash impairment charges in broadcast licenses of $13.7 million with respect to three Radio markets where revised financial projections fell short of previous estimates; thereby, causing the recoverable amounts to be lower than the carrying amounts at each of the CGUs. The non-cash broadcast license impairment charges are excluded from the determination of segment profit (refer to note 9 of the interim condensed consolidated financial statements for further details).

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

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	August 31,	Year ended	August 31,
(thousands of Canadian dollars)	**2018**	2017	**2018**	2017
Share-based compensation	**(1,764)**	2,589	**(7,818)**	8,266
Other general and administrative costs	**4,398**	5,365	**14,287**	17,545
	2,634	7,954	**6,469**	25,811

Share-based compensation includes expenses related to the Company's stock options and other long-term incentive plans (such as Performance Share Units - "PSUs", Deferred Share Units – "DSUs", and Restricted Share Units – "RSUs"). The expense fluctuates with changes in assumptions, primarily regarding the Company's share price and number of units estimated to vest.

The decrease in share-based compensation expense in the fourth quarter of fiscal 2018 and the year is due to the decline in share price from the prior year. Other general and administrative costs in the fourth quarter of fiscal 2018 and year were lower compared to the prior year, reflecting continued focus on cost containment.

QUARTERLY CONSOLIDATED FINANCIAL INFORMATION

SEASONAL FLUCTUATIONS

As discussed in Management's Discussion and Analysis for the year ended August 31, 2017, 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 Company's interim condensed consolidated financial statements for each of the eight most recent quarters ended August 31, 2018. In Management's opinion, these unaudited interim condensed 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, 2017.

(thousands of Canadian dollars, except per share amounts)

					Earnings per share		
	Revenues	Segment profit [1]	Net income (loss) attributable to shareholders	Adjusted net income attributable to shareholders	Basic	Diluted	Adjusted basic
2018							
4th quarter	**379,084**	**114,561**	**33,675**	**39,534**	**$ 0.16**	**$ 0.16**	**$ 0.19**
3rd quarter	441,410	170,421	(935,899)	78,112	$ (4.49)	$ (4.49)	$ 0.37
2nd quarter	369,465	112,759	40,042	41,880	$ 0.19	$ 0.19	$ 0.20
1st quarter	457,388	177,887	77,673	78,885	$ 0.38	$ 0.38	$ 0.38
2017							
4th quarter	381,212	107,601	28,919	43,944	$ 0.14	$ 0.14	$ 0.22
3rd quarter	461,628	175,813	66,719	70,141	$ 0.33	$ 0.33	$ 0.35
2nd quarter	368,187	102,683	24,881	25,577	$ 0.12	$ 0.12	$ 0.13
1st quarter	467,981	191,986	71,146	80,826	$ 0.36	$ 0.36	$ 0.41

[1] As defined in "Key Performance Indicators".

SIGNIFICANT ITEMS CAUSING VARIATIONS IN QUARTERLY RESULTS

- Net income attributable to shareholders for the fourth quarter of fiscal 2018 was negatively impacted by business acquisition, integration and restructuring costs of $7.7 million ($0.03 per share).
- Net loss attributable to shareholders for the third quarter of fiscal 2018 was negatively impacted by non-cash radio broadcast license and television goodwill impairment charges of $1,013.7 million ($4.84 per share) and business acquisition, integration and restructuring costs of $5.3 million ($0.02 per share).
- Net income attributable to shareholders for the second quarter of fiscal 2018 was negatively impacted by business acquisition, integration and restructuring costs of $2.5 million ($0.01 per share).
- Net income attributable to shareholders for the first quarter of fiscal 2018 was negatively impacted by business acquisition, integration and restructuring costs of $1.6 million ($nil per share).
- Net income attributable to shareholders for the fourth quarter of fiscal 2017 was negatively impacted by business acquisition, integration and restructuring costs of $13.3 million ($0.05 per share) and investment impairments of $5.3 million ($0.03 per share).

- Net income attributable to shareholders for the third quarter of fiscal 2017 was negatively impacted by business acquisition, integration and restructuring costs of $4.6 million ($0.02 per share).
- Net income attributable to shareholders for the second quarter of fiscal 2017 was negatively impacted by business acquisition, integration and restructuring costs of $0.9 million ($0.01 per share).
- Net income attributable to shareholders for the first quarter of fiscal 2017 was negatively impacted by business acquisition, integration and restructuring costs of $13.2 million ($0.05 per share).

FINANCIAL POSITION

Total assets at August 31, 2018 were $4.9 billion compared to $6.1 billion at August 31, 2017. The following discussion describes the significant changes in the consolidated statements of financial position since August 31, 2017.

Current assets at August 31, 2018 were $507.6 million, down $17.8 million from August 31, 2017.

Cash and cash equivalents increased by $1.1 million from August 31, 2017. Refer to the discussion of cash flows in the next section.

Accounts receivable decreased $19.7 million from August 31, 2017. The accounts receivable balance is subject to seasonal trends. Typically, the balance is higher at the end of the first and third quarters and lower at the end of the second and fourth quarters as a result of the broadcast revenue seasonality. The Company carefully monitors the aging of its accounts receivable.

Tax credits receivable decreased $0.1 million from August 31, 2017 as a result of tax credit receipts exceeding accruals relating to film productions.

Investments and other assets increased $17.7 million from August 31, 2017, primarily as a result of additional investments in venture funds, certain post employment benefit plans being in a net asset position, unrealized gains relating to interest rate swaps and forward foreign exchange contracts, offset by net cash proceeds of $24.6 million on interest rate swaps which were terminated on November 28, 2017. In the second quarter of fiscal 2018, the Company entered into a series of forward foreign exchange contracts totalling $98.0 million USD, to fix the foreign exchange rate and therefore cash flows related to a portion of the Company USD denominated liabilities. Further discussion of this can be found in the *Liquidity and Capital Resources* section of this report under the heading *Derivative Financial Instruments*.

Property, plant and equipment decreased $28.9 million from August 31, 2017 as a result of depreciation expense exceeding additions.

Program rights decreased $110.0 million from August 31, 2017, as additions of acquired rights of $408.4 million were offset by amortization of $516.3 million and impairment charges of $2.1 million resulting from the shutdown of the Sundance Channel.

Film investments increased $2.7 million from August 31, 2017, as film additions (net of tax credit accruals) of $18.9 million were offset by film amortization of $16.2 million.

Intangibles decreased $33.7 million from August 31, 2017, primarily as a result of impairment charges recorded on certain Radio broadcast licenses of $13.7 million and amortization of finite life intangibles exceeding additions.

Goodwill decreased $1,000.0 million as a result of impairment charges related to the Television segment in the third quarter of fiscal 2018.

Accounts payable and accrued liabilities decreased $9.9 million from August 31, 2017, as a result of lower accrued liabilities and accruals for dividends payable and film production, offset by higher accruals for program rights and trade marks. The decrease in accrued liabilities relate primarily to the reduction in short-term compensation accruals, capital asset purchases, the short-term portion of tangible benefits and CRTC fees, offset by other working capital accruals.

Provisions, including the long-term portion, at August 31, 2018 were $19.0 million compared to $27.5 million at August 31, 2017. The decrease of $8.5 million from August 31, 2017 is primarily a result of restructuring related payments exceeding additions.

Long-term debt, including the current portion, as at August 31, 2018 was $1,983.9 million compared to $2,091.6 million as at August 31, 2017. As at August 31, 2018, the $106.4 million classified as the current portion of long-term debt reflects the mandatory repayments on the debt in the next twelve months. During the year ended August 31, 2018, the Company repaid bank loans of $108.6 million, deferred $4.1 million of financing fees and amortized $5.1 million of deferred financing charges.

Other long-term liabilities decreased $147.1 million from year end, primarily from decreases in long-term program rights payable, trade marks payable, post-employment benefit plans, and long-term employee obligations, offset by an increase in intangible liabilities and unearned revenues.

Share capital increased $38.7 million, primarily as a result of the issuance of shares from treasury under the Company's dividend reinvestment plan. Contributed surplus increased $0.7 million due to share-based compensation expense.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

Overall, the Company's cash and cash equivalents position increased by $9.1 million in the fourth quarter of fiscal 2018 and increased by $1.1 million from the prior year end. Free cash flow for the fourth quarter increased to $96.0 million from $80.2 million in the prior year. On a full year basis, free cash flow increased to $349.0 million from $292.7 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 flow from operating activities for the three months and year ended August 31, 2018 was $105.8 million and $370.9 million, respectively compared to $89.1 million and $298.1 million in the comparable periods of the prior year. The increase in the current quarter of $16.7 million arises principally from higher cash flow from operations and cash provided by working capital. The increase in the fiscal year cash flow from operating activities of $72.8 million arises from net proceeds of $24.6 million from the termination of interest rate swaps, lower CRTC benefit payments of $27.4 million, and lower cash used in working capital of $37.4 million, offset by higher payments on both program rights of $3.2 million and film investments of $9.1 million.

Cash used in investing activities for the three months and year ended August 31, 2018 was $11.4 million and $25.6 million, respectively compared to $10.9 million and $20.9 million in the comparable periods of the prior year. The current quarter includes additions to property, plant and equipment of $8.8 million and net cash outflows for intangible investments and other assets of $2.9 million. The fiscal year includes additions to property, plant and equipment of $16.1 million, offset by proceeds of $0.8 million on the disposal of surplus land, and net cash outflows for intangibles, investments and other assets of $10.3 million. The prior fiscal year includes additions to property, plant and equipment of $27.0 million, and net cash outflows for intangibles, investments and other assets of $6.3 million, offset by proceeds of $5.3 million on the sale of a minority interest in the Cooking Channel, a return of capital from a venture fund of $4.1 million and receipt of $3.0 million from Shaw Communications Inc.

Cash used in financing activities in the three months and year ended August 31, 2018 was $85.3 million and $344.2 million, respectively compared to $62.6 million and $254.9 million in the comparable periods of the prior year. The increase in the current quarter and year of $22.7 million and $89.3 million respectively, is primarily due to the increase in dividends paid during the fiscal 2018 year.

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 a leverage target (net debt to segment profit ratio) below 3.0 times and to maintain a dividend yield in excess of 2.5%. In the short term, the Company may permit the long-term leverage range to be exceeded (for long-term investment opportunities), but endeavours to return to the leverage target 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. As at August 31, 2018, the Company's leverage ratio was 3.28 times net debt to segment profit, down from 3.46 times at August 31, 2017. The Company is currently focused on deleveraging towards 3.0 times net debt to segment profit.

On June 27, 2018, the Company announced a new dividend framework with respect to its revised Capital Allocation Policy. The new dividend policy as approved by the Board of Directors on June 26, 2018 is as follows:

- Effective September 1, 2018, Corus' annual dividend rate will be adjusted to $0.24 per Class B Share and

$0.235 per Class A Share, in line with both the Company's long-term goal of maintaining a dividend yield in excess of 2.5% and current industry peer benchmarks.

- The dividend payment schedule will be changed from monthly to quarterly to be more consistent with industry practices.
- As permitted under Corus' Dividend Reinvestment Plan (the "Plan"), in lieu of issuing new shares, Corus will satisfy its share delivery obligation under the Plan by purchasing Class B Shares on the open market. In addition, Corus will move to a 0% discount for shares delivered under the plan.

On November 30, 2017, the Company's credit facilities with a syndicate of banks were amended. The principal amendments were the extension of the maturity dates to November 30, 2021 for the Revolving Facility and Term Facility Tranche 2, to November 30, 2022 for the Term Facility Tranche 1, and the fixing of mandatory repayments on the Term Facility to 1.25% per quarter. Interest rates on the Company's facilities fluctuate with Canadian bankers' acceptances and LIBOR.

As at August 31, 2018, the Company had a net cash balance of $94.8 million and had available approximately $300.0 million under the Revolving Facility, all of which could be drawn, and was in compliance with all loan covenants. 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.

For further details on the credit facilities amended on November 30, 2017 refer to note 11 of the Company's interim condensed consolidated financial statements in the Fourth Quarter 2018 Report to Shareholders, filed on SEDAR at www.sedar.com.

TOTAL CAPITALIZATION

As at August 31, 2018, total capitalization was $3,565.9 million compared to $4,597.4 million at August 31, 2017, a decrease of $1,031.5 million. The decrease is primarily attributable to the increase in retained deficit arising from broadcast license and goodwill impairment charges recorded in the third quarter of fiscal 2018, as well as the issuance of $38.6 million in shares from treasury under the Company's dividend reinvestment plan and an increase in cash of $1.1 million, offset by lower net debt resulting from the repayment of debt of $108.6 million.

DERIVATIVE FINANCIAL INSTRUMENTS

On November 28, 2017, the Company terminated the swap agreements that fixed the interest rate on an initial $457.0 million and $1,414.0 million of its outstanding term loan facilities at 1.076% and 1.195%, respectively, plus applicable margins to February 28, 2019 and February 26, 2021. As a result, the Company received $24.6 million, net of interest, in cash upon settlement of these swaps, which was the fair value upon termination. The fair value of $24.6 million was recorded in other comprehensive income and is being amortized as non-cash interest income in the interim consolidated statements of income (note 14).

On November 28, 2017, the Company entered into new interest swap agreements to fix the interest rate on the majority of its outstanding term loan facilities. The counterparties of the swap agreements are highly rated financial institutions and the Company does not anticipate any non-performance. The fair value of future cash flows of interest rate swap derivatives change with fluctuations in market interest rates. The estimated fair value of these agreements as at August 31, 2018 was $23.2 million, which has been recorded in the interim condensed consolidated statements of financial position as a long-term asset (note 4).

On January 5, 2018, the Company entered into a series of forward foreign exchange contracts totalling $98.0 million U.S. dollars, to fix the foreign exchange rate and cash flows related to a portion of the Company's U.S. dollar denominated liabilities. The forward contracts are not designated as hedges for accounting purposes; they are measured at fair value at each reporting date by reference to prices provided by the counterparty. The counterparty of the forward contracts is a highly rated financial institution and the Company does not anticipate any non-performance. The estimated fair value of future cash flows of the USD forward contract derivatives change with fluctuations in the foreign exchange rate of USD to Canadian dollars. The estimated fair value of these agreements as at August 31, 2018 was $3.8 million, which has been recorded in the interim condensed consolidated statements of financial position as a long-term asset (note 4), and within other expense (income), net in the interim consolidated statements of income (note 15). The Company has the following undiscounted contractual obligations related to remaining forward currency contracts:

(thousands of Canadian dollars)	Total	Within 1 year	2 - 3 years	4 - 5 years	More than 5 years
Contractual CDN cash outflows	109,616	24,552	51,212	33,852	—
Contractual USD cash inflows	88,400	19,800	41,300	27,300	—

OUTSTANDING SHARE DATA

As at October 18, 2018, 3,419,192 Class A Voting Shares and 208,577,866 Class B Non-Voting Shares were issued and outstanding.

KEY PERFORMANCE INDICATORS

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. 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, 2017, including a discussion as to their relevance, definitions, calculation methods and underlying assumptions.

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 adding back cash used specifically for business combinations and strategic investments and deducting net proceeds from dispositions. 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 August 31,		Year ended August 31,	
(thousands of Canadian dollars)	**2018**	2017	**2018**	2017
Cash provided by (used in):				
Operating activities	**105,781**	89,114	**370,907**	298,133
Investing activities	**(11,386)**	(10,850)	**(25,580)**	(20,908)
	94,395	78,264	**345,327**	277,225
Add back: cash used for business combinations and strategic investments [1]	**1,571**	1,938	**3,680**	15,435
Free cash flow	**95,966**	80,202	**349,007**	292,660

[1] Strategic investments are comprised of investments in venture funds and associated companies.

ADJUSTED NET INCOME AND ADJUSTED BASIC EARNINGS PER SHARE

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 per share 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 do 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

	Three months ended	August 31,		Year ended August 31,
(thousands of Canadian dollars, except per share amounts)	**2018**	2017	**2018**	2017
Net income (loss) attributable to shareholders	**33,675**	28,919	**(784,509)**	191,665
Adjustments, net of income tax:				
Investment in associates impairment	**—**	5,250	**—**	5,250
Broadcast license and goodwill impairment charges	**—**	—	**1,010,061**	—
Business acquisition, integration and restructuring costs	**5,859**	9,775	**12,859**	23,573
Adjusted net income attributable to shareholders	**39,534**	43,944	**238,411**	220,488
Basic earnings (loss) per share	**$0.16**	$0.14	**($3.77)**	$0.95
Adjustments, net of income tax:				
Investment in associates impairment	**—**	0.03	**—**	0.03
Broadcast license and goodwill impairment charges	**—**	—	**4.85**	—
Business acquisition, integration and restructuring costs	**0.03**	0.05	**0.06**	0.12
Adjusted basic earnings per share	**$0.19**	$0.22	**$1.14**	$1.10

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 to segment profit is calculated as net debt divided by segment profit. 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 August 31, 2018**	As at August 31, 2017
Total bank loans, net of unamortized financing fees	**1,983,933**	2,091,580
Cash and cash equivalents	**(94,801)**	(93,701)
Net debt	**1,889,132**	1,997,879

(thousands of Canadian dollars)	**As at August 31, 2018**	As at August 31, 2017
Net debt (numerator)	**1,889,132**	1,997,879
Segment profit (denominator) [1]	**575,628**	578,083
Net debt to segment profit	**3.28**	3.46

[1] Reflects aggregate amounts for the most recent four quarters, as detailed in the table in the "Quarterly Consolidated Financial Information" section.

RISKS AND UNCERTAINTIES

The significant risks and uncertainties affecting the Company and its business are discussed in the Company's August 31, 2017 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 its Annual Report, except for as follows:

PROPOSED PROHIBITIONS ON FOOD ADVERTISING TO CHILDREN

On October 6, 2017, Bill S-228 (the "Bill"), an Act to Amend the *Food and Drugs Act* (proposed federal legislation that limits unhealthy food and beverage advertising directed at children), was tabled for First Reading in Parliament and has since moved forward. On September 19, 2018, the Bill passed Third Reading in the House of Commons, and now awaits Royal Assent. Upon receipt of Royal Assent, the Bill will become law, but will not come into force until two years after the date of Royal Assent, which means that new restrictions will not come into force until October 2020, at the earliest. As Parliament has been considering the Bill, Health Canada has been conducting the process of drafting the regulations that will accompany the law. During the summer of

2018, Health Canada conducted a public consultation on its proposed regulatory approach. Corus participated in providing an industry response from the Canadian Association of Broadcasters on July 18, 2018. Draft regulations are expected to be proposed later this year, and Health Canada will be holding an information session on November 5, 2018 in which further detail will be provided. Absent further detail regarding the regulations, the impact is not determinable at this time.

CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION ("CRTC") POLICY REVIEW

On August 30, 2018, the CRTC released its decisions for the reconsideration of the May 2017 Group Based Licensing ("GBL") decisions for the television services of large English- and French-language private ownership groups, including Corus. Revised and additional conditions came into effect on September 1, 2018 and will apply until August 31, 2022, the end of the current license term. For the English-language groups, the CRTC established new Programs of National Interest ("PNI") expenditures based on historical expenditures for each group and stated that in their view, the levels "strike an appropriate balance between the importance of the Canadian production sector and the essential role it continues to play for the Canadian economy, and Groups' respective abilities to invest in the creation of this programming". Corus will be subject to an 8.5 % PNI expenditure requirement of the previous year's gross revenue and will be required to direct 0.17% of its previous year's gross revenues to the *Foundation Assisting Canadian Talent on Recordings*, a temporary requirement which will be in effect only for the current license term. The CRTC determined that specific funding for short-form films and documentary content is not necessary. French-language groups will be required to devote at least 75% of the Canadian Programming Expenditures ("CPE") to original French-language programs effective September 1, 2019, and at least 50% of their CPE for the 2018-2019 broadcast year. French language groups will be required, as a temporary measure, to direct 0.17% of their previous year's gross revenues to MUSICACTION for the remainder of the current license term.

The Company is still assessing the potential impact of these recent amendments to its television broadcast licenses and no assurance can be made that compliance will not materially adversely impact on Corus' business, result of operations, prospect and financial condition.

TELECOMMUNICATIONS ACT, RADIOCOMMUNICATIONS ACT, AND BROADCASTING ACT REVIEW

In September of 2017, the Minister of Canadian Heritage directed the CRTC to prepare a report on the future of programming and distribution models. The CRTC launched a two-phase consultation to gather input from the public. Phase I was completed in December 2017 and phase II in February 2018. Following this consultation, the CRTC released its report titled, "Harnessing Change" on May 31, 2018. On June 5, 2018, the Government of Canada launched a review of the *Broadcasting Act*, the *Telecommunications Act* and the *Radiocommunications Act*. The review will be conducted by a panel of seven independent experts.

On September 25, 2018, the Broadcasting and Telecommunications Legislative Review Panel launched its consultation process with the release of "*Responding to the New Environment: A Call for Comments*". The deadline for written submissions from stakeholders and other interested parties is November 30, 2018. The Panel has identified four broad themes for its consultation process which are:

- Reducing barriers to access by all Canadians to advanced telecommunications networks;
- Supporting creation, production and discoverability of Canadian content;
- Improving the rights of the digital consumer; and
- Renewing the institutional framework for the communications sector.

The potential outcome of this process is difficult to predict and as such, the impact is not determinable at this time but could adversely affect the Company's results of operations and financial performance.

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, 2017 consolidated financial statements and note 3 in the Company's August 31, 2018 interim condensed consolidated financial statements.

CONTROLS AND PROCEDURES

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 and year ended August 31, 2018 that have materially affected, or are likely to materially affect, the Company's internal controls over financial reporting.

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited - in thousands of Canadian dollars)	**As at August 31, 2018**	As at August 31, 2017
ASSETS		
Current		
Cash and cash equivalents	**94,801**	93,701
Accounts receivable	**388,751**	408,443
Income taxes recoverable	**3,305**	1,388
Prepaid expenses and other assets	**20,723**	21,870
Total current assets	**507,580**	525,402
Tax credits receivable	**18,047**	18,172
Investments and other assets (note 4)	**82,213**	64,559
Property, plant and equipment	**231,192**	260,068
Program rights (note 5)	**538,357**	648,346
Film investments (note 6)	**43,424**	40,728
Intangibles (notes 7 and 9)	**2,012,086**	2,045,813
Goodwill (notes 8 and 9)	**1,387,652**	2,387,652
Deferred income tax assets	**62,403**	77,104
	4,882,954	6,067,844
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**405,762**	415,661
Current portion of long-term debt (note 11)	**106,375**	172,500
Provisions (note 10)	**11,175**	15,791
Total current liabilities	**523,312**	603,952
Long-term debt (note 11)	**1,877,558**	1,919,080
Other long-term liabilities	**295,206**	442,349
Provisions (note 10)	**7,801**	11,707
Deferred income tax liabilities	**502,274**	491,235
Total liabilities	**3,206,151**	3,468,323
SHAREHOLDERS' EQUITY		
Share capital (note 12)	**2,330,477**	2,291,814
Contributed surplus	**12,119**	11,449
Retained earnings (deficit)	**(856,668)**	114,492
Accumulated other comprehensive income	**36,460**	22,938
Total equity attributable to shareholders	**1,522,388**	2,440,693
Equity attributable to non-controlling interest	**154,415**	158,828
Total shareholders' equity	**1,676,803**	2,599,521
	4,882,954	6,067,844

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

	Three months ended		Year ended	
		August 31,		August 31,
(unaudited - in thousands of Canadian dollars, except per share amounts)	**2018**	2017	**2018**	2017
Revenues	**379,084**	381,212	**1,647,347**	1,679,008
Direct cost of sales, general and administrative expenses (note 13)	**264,523**	273,611	**1,071,719**	1,100,925
Depreciation and amortization	**19,839**	22,807	**81,861**	91,750
Interest expense (note 14)	**31,005**	38,121	**127,346**	156,716
Broadcast license and goodwill impairment	**—**	—	**1,013,692**	—
Business acquisition, integration and restructuring costs	**7,703**	13,265	**17,071**	31,983
Other expense (income), net (note 15)	**609**	(16,474)	**5,692**	(8,953)
Income (loss) before income taxes	**55,405**	49,882	**(670,034)**	306,587
Income tax expense (note 16)	**15,545**	14,168	**88,129**	82,498
Net income (loss) for the period	**39,860**	35,714	**(758,163)**	224,089
Other comprehensive income (loss), net of income taxes:				
Items that may be reclassified subsequently to income (loss):				
Unrealized foreign currency translation adjustment	**117**	(1,047)	**724**	(643)
Unrealized change in fair value of available-for-sale investments	**—**	(27)	**(118)**	(298)
Unrealized change in fair value of cash flow hedges	**(344)**	17,385	**12,916**	27,448
	(227)	16,311	**13,522**	26,507
Items that will not be reclassified to income (loss):				
Actuarial gain (loss) on employee post-employment benefits	**7,421**	(2,435)	**11,550**	6,874
	7,194	13,876	**25,072**	33,381
Comprehensive income (loss) for the period	**47,054**	49,590	**(733,091)**	257,470
Net income (loss) attributable to:				
Shareholders	**33,675**	28,919	**(784,509)**	191,665
Non-controlling interest	**6,185**	6,795	**26,346**	32,424
	39,860	35,714	**(758,163)**	224,089
Comprehensive income (loss) attributable to:				
Shareholders	**40,869**	42,795	**(759,437)**	225,046
Non-controlling interest	**6,185**	6,795	**26,346**	32,424
	47,054	49,590	**(733,091)**	257,470
Earnings (loss) per share attributable to shareholders:				
Basic	**$0.16**	$0.14	**($3.77)**	$0.95
Diluted	**$0.16**	$0.14	**($3.77)**	$0.95

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited - in thousands of Canadian dollars)	Share capital	Contributed surplus	Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Total equity attributable to shareholders	Non-controlling interest	Total equity
As at August 31, 2017	2,291,814	11,449	114,492	22,938	2,440,693	158,828	2,599,521
Comprehensive income (loss)	—	—	(784,509)	25,072	(759,437)	26,346	(733,091)
Dividends declared	—	—	(198,201)	—	(198,201)	(30,809)	(229,010)
Issuance of shares under dividend reinvestment plan (note 12)	38,578	—	—	—	38,578	—	38,578
Issuance of shares under stock option plan (note 12)	85	—	—	—	85	—	85
Actuarial gain on post-retirement benefit plans	—	—	11,550	(11,550)	—	—	—
Share-based compensation expense	—	670	—	—	670	—	670
Funding of equity interest	—	—	—	—	—	50	50
As at August 31, 2018	**2,330,477**	**12,119**	**(856,668)**	**36,460**	**1,522,388**	**154,415**	**1,676,803**

As at August 31, 2016	2,168,543	10,444	142,499	(3,569)	2,317,917	158,430	2,476,347
Comprehensive income	—	—	191,665	33,381	225,046	32,424	257,470
Dividends declared	—	—	(231,046)	—	(231,046)	(35,026)	(266,072)
Issuance of shares under dividend reinvestment plan	123,117	—	—	—	123,117	—	123,117
Issuance of shares under stock option plan	154	—	—	—	154	—	154
Actuarial gain on post-retirement benefit plans	—	—	6,874	(6,874)	—	—	—
Share-based compensation expense	—	1,005	—	—	1,005	—	1,005
Reallocation of equity interest (note 19)	—	—	4,500	—	4,500	3,000	7,500
As at August 31, 2017	2,291,814	11,449	114,492	22,938	2,440,693	158,828	2,599,521

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited - in thousands of Canadian dollars)	Three months ended August 31, 2018	Three months ended August 31, 2017	Year ended August 31, 2018	Year ended August 31, 2017
OPERATING ACTIVITIES				
Net income (loss) for the period	**39,860**	35,714	**(758,163)**	224,089
Adjustments to reconcile net income (loss) to cash flow from operations:				
Amortization of program rights (notes 5 and 13)	**122,966**	119,707	**516,300**	510,716
Amortization of film investments (notes 6 and 13)	**5,980**	7,181	**16,197**	23,958
Depreciation and amortization	**19,839**	22,807	**81,861**	91,750
Broadcast license and goodwill impairment	**—**	—	**1,013,692**	—
Deferred income taxes	**5,130**	1,311	**16,869**	17,109
Intangible and other assets impairment	**—**	5,250	**—**	5,250
Share-based compensation expense	**163**	373	**670**	1,005
Imputed interest (note 14)	**9,910**	12,324	**43,240**	51,519
Proceeds from termination of interest rate swap (note 11)	**—**	—	**24,644**	—
Payment of program rights	**(141,744)**	(134,060)	**(513,186)**	(509,979)
Net spend on film investments	**(2,795)**	(7,045)	**(33,722)**	(24,579)
CRTC benefit payments	**(1,059)**	(12,159)	**(2,332)**	(29,740)
Other	**(1,391)**	734	**(6,665)**	2,969
Cash flow from operations	**56,859**	52,137	**399,405**	364,067
Net change in non-cash working capital balances related to operations	**48,922**	36,977	**(28,498)**	(65,934)
Cash provided by operating activities	**105,781**	89,114	**370,907**	298,133
INVESTING ACTIVITIES				
Additions to property, plant and equipment	**(8,820)**	(13,422)	**(16,117)**	(26,989)
Proceeds from sale of property	**300**	—	**845**	—
Business combinations, net of acquired cash	**—**	—	**—**	3,000
Proceeds from disposition of non-controlling interest (note 19)	**—**	—	**—**	5,250
Proceeds from disposition of investment	**—**	4,122	**—**	4,122
Net cash flows for intangibles, investments and other assets	**(2,866)**	(1,550)	**(10,308)**	(6,291)
Cash used in investing activities	**(11,386)**	(10,850)	**(25,580)**	(20,908)
FINANCING ACTIVITIES				
Decrease in bank loans	**(27,188)**	(25,090)	**(108,639)**	(110,706)
Deferred financing costs	**—**	—	**(4,088)**	—
Issuance of shares under stock option plan	**—**	154	**85**	154
Dividends paid	**(50,588)**	(27,462)	**(198,808)**	(106,062)
Dividends paid to non-controlling interest	**(7,080)**	(7,901)	**(28,809)**	(35,026)
Other	**(438)**	(2,275)	**(3,968)**	(3,247)
Cash used in financing activities	**(85,294)**	(62,574)	**(344,227)**	(254,887)
Net change in cash and cash equivalents during the period	**9,101**	15,690	**1,100**	22,338
Cash and cash equivalents, beginning of the period	**85,700**	78,011	**93,701**	71,363
Cash and cash equivalents, end of the period	**94,801**	93,701	**94,801**	93,701

Supplemental cash flow disclosures (note 18)

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 television networks, conventional television stations; the operation of radio stations; and the Corus content business, which consists of the production and distribution of films and television programs, merchandise licensing, book 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, 2017, 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, 2017, which are available at www.sedar.com and on the Company's website at www.corusent.com.

These interim condensed consolidated financial statements of the Company for the three months and year ended August 31, 2018 were authorized for issue in accordance with a resolution of the Company's Board of Directors on October 18, 2018.

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 certain 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.

CHANGES IN ACCOUNTING POLICIES

There are no changes in accounting policies in the current period.

PENDING ACCOUNTING CHANGES

IFRS 9 – *Financial Instruments*

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. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held-for-trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and only applied to financial liabilities. IFRS 9 uses a new expected loss impairment model and also uses a new model for hedge accounting aligning the accounting treatment with risk management activities. The measurement of impairment of financial assets is based on an expected credit loss model. It is no longer necessary for a triggering event to have occured before credit losses are recognized. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The new classification and measurement requirements will be applied by adjusting the Company's consolidated financial statements on September 1, 2018, the date of initial application, with no restatement of comparative period financial information. The Company has assessed the impact of IFRS 9 on the consolidated financial statements and has determined that the adoption of IFRS 9 will enhance disclosure requirements, but will not have a material impact on the expected lifetime credit losses for the Company's trade and other receivables. The classification of investments in venture funds is still under review. These investments must be classified as FVTPL or fair value through other comprehensive income ("FVOCI") with no recycling of gains and losses upon derecognition. The Company will continue to revise, refine and validate the impact of this standard leading up to first quarter reporting date of November 30, 2018.

IFRS 15 – *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15 **–** *Revenue from Contracts with Customers*, which outlined a single comprehensive model to account for revenue arising from contracts with customers and will replace the majority of existing IFRS requirements on revenue recognition including IAS 18 – *Revenue*. The core principles of IFRS 15 is to recognize revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard provides a single, principles-based five-step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue transaction of industry. The standard will also provide guidance on the the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. The standard also specifies that direct incremental costs of obtaining and fulfilling a contract that are expected to be recovered should be capitalized and amortized over the expected obligations, changes in contract asset and liability account balances between periods and key judgments and estimates made. The Company will be implementing IFRS 15, using the modified retrospective approach where IFRS 15 will be applied to 2019 results, beginning September 1, 2018 without restating comparative periods.

The standard specifies that an entity recognizes revenue when it transfers promised goods or services to customer in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. Depending on whether certain criteria are met, revenue is recognized either over time, in a manner that depicts the entity's performance, or at a point in time, when control is transferred to the customer. The Company has assessed its revenue streams and underlying contracts with customers. The majority of revenues within the scope of IFRS 15 are earned through the sale of advertising time and from subscriber fees. The Company has not identified any significant differences in the timing or amount of recognition of revenue as a result of IFRS 15. Therefore, the changes to revenue earned on customer contracts is not expected to be significant. The Company continues to assess the impact of required disclosures around revenue recognition in the notes to the consolidated financial statements and any necessary policy and process changes, in preparation for adoption. Transition adjustments, if any, will be disclosed in the first quarter 2019 interim condensed consolidated financial statements.

Amendments to IFRS 2 – *Share-based payments*

IFRS 2 stipulates new conditions on the accounting for three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement feature for withholding tax obligations; and the accounting of a modification to the terms and conditions of a share-based payment that changes the transaction from cash-settled to equity-settled. IFRS 2 is applied prospectively; retroactive application is only permitted if the application can be performed without using hindsight. The requirement to apply IFRS 2 is effective for annual periods beginning on or after January 1, 2018. The Company has determined there is no impact to the adoption of the standard on the Company's consolidated financial statements.

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

IFRS 16 – *Leases*

On January 13, 2016, the IASB published a new standard, IFRS 16 – *Leases*. The new standard will eliminate the distinction between operating and finance leases and will bring most leases onto the balance sheet for lessees. Lessees must recognize a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly, and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease. Lessees are permitted to make an accounting policy election, by class of underlying asset, to apply a method like IAS 17's operating lease accounting and not recognize lease assets and lease liabilities for leases with a lease term of 12 months or less, and on a lease-by-lease basis, to apply a method similar to current operating lease accounting to leases for which the underlying asset is of low value. IFRS 16 supersedes IAS 17 – *Leases* and its related Interpretations, and is effective for period beginning on or after January 1, 2019, which will be September 1, 2019 for Corus and is to be applied retrospectively. The Company is currently assessing the impact of the new standard on its consolidated financial statements.

IFRIC 23 – *Uncertainty Over Income Tax Treatments*

IFRIC 23 - *Uncertainty over Income Tax Treatments*, provides guidance when there is uncertainty over income tax treatments including (but not limited to) whether uncertain tax treatments should be considered separately; assumptions made about the examination of tax treatments by tax authorities; the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates; and, the impact of changes in facts and circumstances.

The new interpretation is effective for annual periods beginning on or after January 1, 2019 and will be adopted by the Company effective September 1, 2019. The Company is currently assessing the impact of the new interpretation on its consolidated financial statements.

4. INVESTMENTS AND OTHER ASSETS

	Investments in associates	Other assets	Total
Balance - August 31, 2017	10,558	54,001	64,559
Increase (decrease) in investments	(1,558)	19,212	17,654
Balance - August 31, 2018	**9,000**	**73,213**	**82,213**

5. PROGRAM RIGHTS

Balance - August 31, 2017	648,346
Net additions	408,437
Impairments	(2,126)
Amortization	(516,300)
Balance - August 31, 2018	**538,357**

6. FILM INVESTMENTS

Balance - August 31, 2017	40,728
Net additions	18,893
Amortization	(16,197)
Balance - August 31, 2018	**43,424**

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

7. INTANGIBLES

	Broadcast licenses [(1)]	Other [(2)]	Total
Balance - August 31, 2017	984,889	1,060,924	2,045,813
Additions	—	21,609	21,609
Impairments (note 9)	(13,692)	—	(13,692)
Amortization	—	(41,644)	(41,644)
Balance - August 31, 2018	**971,197**	**1,040,889**	**2,012,086**

[(1)] Broadcast licenses are located in Canada.

[(2)] Other intangibles are comprised of brands, trade marks and computer software.

8. GOODWILL

	Total
Balance - August 31, 2017	2,387,652
Impairment (note 9)	(1,000,000)
Balance - August 31, 2018	**1,387,652**

Goodwill is located primarily in Canada.

9. IMPAIRMENT TESTING

At each reporting date, the Company is required to assess its indefinite life intangible assets and goodwill for potential indicators of impairment, such as an adverse change in business climate that may indicate that these assets may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset or cash generating unit ("CGU") and compares it to the carrying value. In addition, irrespective of whether there is any indication of impairment, the Company is required to test intangible assets with an indefinite useful life and goodwill for impairment at least annually.

For long-lived assets other than goodwill, the Company is also required to assess, at each reporting date, whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased.

The Company completes its annual testing during the fourth quarter of each fiscal year. In the third quarter of fiscal 2018, management identified indicators of impairment at the enterprise level, notably a significant decline in the Company's share price from August 31, 2017, which resulted in the Company's carrying value being significantly greater than its current market enterprise value. Accordingly, interim goodwill impairment testing was required for both the Television and Radio group of CGUs. In addition, certain Radio markets had actual results and revised financial projections that fell short of previous estimates, indicating that interim broadcast license impairment testing was required.

The test for impairment of either an intangible asset or goodwill is to compare the recoverable amount of the asset or CGU to the carrying value. The recoverable amount is the higher of an asset's or CGU's fair value less costs to sell ("FVLCS") and its value in use ("VIU"). The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets (such as broadcast licenses and goodwill) and the asset's VIU cannot be determined to equal its FVLCS. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

For the goodwill and broadcast license impairment tests conducted in the third quarter of fiscal 2018 for the Television and Radio CGUs, the Company has determined the VIU calculation is higher than FVLCS. Therefore, the recoverable amount for all CGUs or groups of CGUs is based on the VIU.

The VIU calculation uses cash flow projections, generally for a five-year period, and a terminal value. The terminal value is the value attributed to the CGU's operations beyond the projected period using a perpetual growth rate. The key assumptions in the VIU calculations are segment profit growth rates (for periods within the cash flow projections and in perpetuity for the calculation of the terminal value) and discount rates.

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

Segment profit growth rates are based on management's best estimates considering historical and expected operating plans, strategic plans, economic considerations and the general outlook for the industry and markets in which the CGU operates. The projections are prepared separately for each of the Company's CGUs to which the individual assets are allocated and are based on the Company's most recent financial projections. The terminal growth rate is based on management's best estimates considering the industry, operating income trends and growth prospects for that specific CGU or group of CGUs.

The discount rate applied to each asset, CGU or group of CGUs to determine VIU is a pre-tax rate that reflects an optimal debt-to-equity ratio and considers the risk-free rate, market equity risk premium, size premium and the risks specific to each asset or CGU's cash flow projections.

In calculating the VIU, the Company uses an appropriate range of discount rates in order to establish a range of values for each CGU or group of CGUs.

The pre-tax discount and growth rates used by the Company for the purpose of its VIU calculations performed for each of the following groups of CGUs in the third and fourth quarters of fiscal 2018 were:

	May 31, and August 31, 2018
Television	
Managed brands	
Pre-tax discount rate	**10.1% — 12.7%**
Earnings growth rate	**-7.4% — 0.3%**
Terminal growth rate	**0.0% — 1.0%**
Radio	
Pre-tax discount rate	**13.6% — 16.2%**
Earnings growth rate	**0.8% — 9.8%**
Terminal growth rate	**1.0% — 3.0%**

As a result of the broadcast license impairment testing in the third quarter of fiscal 2018 of certain Radio CGUs, the Company determined that there were broadcast license impairments in two Radio CGUs in Ontario and one in Manitoba. For each of the three Radio CGUs, the Company used VIU to determine the recoverable amount, which resulted in an impairment charge of $13.7 million, that reduced the carrying value of broadcast licenses within these CGUs to their recoverable amount.

As a result of the goodwill impairment testing in the third quarter of fiscal 2018, the Company recorded a goodwill impairment charge of $1,000.0 million in the Television segment. No goodwill impairment was identified on the Radio groups of CGUs.

The Company has completed its annual impairment testing of goodwill and intangible assets for fiscal 2018. There were no impairment losses to be recorded as a result of the testing. The Company also assessed for any indicators of whether previous impairment losses had decreased. No previously recorded impairment losses on broadcast licenses were reversed.

Sensitivity to changes in assumptions

An increase of 50 basis points in the pre-tax discount rate, a decrease of 50 basis points in the earnings growth rate each year, or a decrease of 50 basis points in the terminal growth rate, each used in isolation to perform the Radio broadcast license and Television goodwill impairment tests, would not have resulted in a material change in the broadcast license impairment in the Radio segment, however would have resulted in an additional incremental goodwill impairment charge in the Television operating segment between $10.0 million and $190.0 million.

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

The carrying amount of broadcast licenses and goodwill allocated to each CGU and/or group of CGUs are set out in the following tables:

	August 31, 2018	August 31, 2017
Broadcast licenses (note 7)		
Television		
Managed brands	**852,905**	852,905
Other	**7,424**	7,424
Radio		
Calgary	**31,341**	31,341
Edmonton	**21,851**	21,851
Toronto	**21,775**	21,775
Vancouver	**21,303**	21,303
Other [(1)]	**14,598**	28,290
	971,197	984,889

	August 31, 2018	August 31, 2017
Goodwill (note 8)		
Television	1,320,553	2,320,553
Radio	67,099	67,099
	1,387,652	2,387,652

(1) Broadcast licenses for Other consist of all other Radio CGUs combined. There is no individual Radio CGU that comprises more than 10% of the Company's broadcast license total.

10. PROVISIONS

The continuity of provisions is as follows:

	Restructuring	Onerous lease obligation	Asset retirement obligation	Other	Total
Balance - August 31, 2017	15,614	2,892	8,407	585	27,498
Additions (reductions)	16,133	(1,188)	—	—	14,945
Interest	—	148	407	—	555
Payments	(20,087)	(1,852)	(2,083)	—	(24,022)
Balance - August 31, 2018	**11,660**	**—**	**6,731**	**585**	**18,976**
Current	9,723	—	867	585	11,175
Long-term	1,937	—	5,864	—	7,801
Balance - August 31, 2018	**11,660**	**—**	**6,731**	**585**	**18,976**

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

11. LONG-TERM DEBT

	August 31, 2018	August 31, 2017
Bank loans	**1,998,684**	2,107,299
Unamortized financing fees	**(14,751)**	(15,719)
	1,983,933	2,091,580
Less: current portion of bank loans	**(106,375)**	(172,500)
	1,877,558	1,919,080

Interest rates on the bank loans fluctuate with Canadian bankers' acceptances and/or LIBOR. As at August 31, 2018, the weighted average interest rate on the outstanding bank loans was 4.5% (2017 – 3.8%). The effective interest on the bank loans averaged 4.5% and 4.3% for the fourth quarter and the year ended August 31, 2018, respectively (2017 – 4.7% and 4.7%).

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 Amended and Restated Credit agreement dated April 1, 2016 (the "Facility"). 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 August 31, 2018.

CREDIT FACILITIES

In connection with the closing of the acquisition of Shaw Media (the "Acquisition"), Corus established syndicated senior secured credit facilities in the aggregate amount of $2.6 billion consisting of $2.3 billion in term loans (the "Term Facility"), all of which was fully drawn at closing, and a $300.0 million revolving facility (the "Revolving Facility"), which was not drawn on as part of closing.

Effective November 30, 2017, the Company's credit agreement with a syndicate of banks was amended. The principal amendments effected were the extension of the maturity for the Revolving Facility and Term Facility Tranche 2 to November 30, 2021, for the Term Facility Tranche 1 to November 30, 2022, and fixing the mandatory repayment on the Term Facility to 1.25% per quarter effective November 30, 2017.

Term Facility

The Term Facility consists of two tranches, with the first tranche being in the amount of $700.3 million and having a maturity of November 30, 2022, and the second tranche being in the amount of $1,400.6 million and having a maturity of November 30, 2021.

Advances under the Term Facility may be outstanding in the form of either prime loans or bankers' acceptances and bear interest at the applicable reference rate plus an applicable margin depending on the type of advance and Corus' total debt to cash flow ratio.

Voluntary prepayments on the amount outstanding under the Term Facility are permitted at any time without penalty, subject to payment of customary breakage costs, if applicable, and provided that advances in the form of bankers' acceptances may only be paid on their maturity. Each tranche of the Term Facility will be subject to mandatory repayment equal to 1.25% per quarter at the end of each fiscal quarter of Corus.

Revolving Facility

The $300.0 million Revolving Facility matures on November 30, 2021. The Revolving Facility is available on a revolving basis to finance permitted acquisitions and capital expenditures and for general corporate purposes. Amounts owing under the Revolving Facility will be payable in full at maturity. The Revolving Facility permits full or partial cancellation of the facility and, if applicable, concurrent prepayment of the amounts drawn thereunder at any time without penalty, subject to payment of customary breakage costs, if applicable, and provided that advances in the form of bankers' acceptances may only be paid on their maturity.

Advances under the Revolving Facility may be drawn in Canadian dollars as either a prime rate loan, bankers' acceptance or Canadian dollar denominated letters of credit (to a sub-limit of $50.0 million total), or in U.S. dollars as either a base rate loan, U.S. LIBOR loan or U.S. dollar denominated letters of credit (to a sub-limit of $50.0 million total). Amounts drawn under the Revolving Facility will bear interest at the applicable reference rate plus an applicable margin depending on the type of advance and Corus' total debt to cash flow ratio. A standby fee will also be payable on the unutilized amount of the Revolving Facility. As at August 31, 2018, all of the Revolving Facility was available and could be drawn.

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

SWAP AGREEMENTS

On November 28, 2017, the Company terminated the Canadian interest rate swap agreements that fixed the interest rate on $457.0 million and $1,414.0 million of its outstanding term loan facilities at 1.076% and 1.195%, respectively, plus applicable margins to February 28, 2019 and February 26, 2021. As a result, the Company received a cash payment, net of accrued interest, of $24.6 million in settlement of these interest rate swaps, which was the fair value upon termination. The fair value of $24.6 million was recorded in other comprehensive income (loss) and is being amortized over the life of the original swap agreements as non-cash interest income in the interim consolidated statements of income (loss) and comprehensive income (loss) (note 14).

On November 28, 2017, the Company entered into Canadian interest rate swap agreements to fix the interest rate on $1,101.0 million and $600.0 million of its outstanding term loan facilities at 1.947% and 2.004%, respectively, plus applicable margins to August 31, 2021 and August 31, 2022. The notional value of these swaps reduces concurrently with the mandatory repayments of the Term Facility. The counterparties of the swap agreements are highly rated financial institutions and the Company does not anticipate any non-performance. 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. As an effective hedge, unrealized gains or losses on the interest rate swap agreements are recognized in other comprehensive income (loss). The estimated fair value of these agreements as at August 31, 2018 is $23.2 million, which has been recorded in the interim consolidated statement of financial position as a long-term asset (note 4). The effectiveness of the hedging relationship is reviewed on a quarterly basis.

FORWARD CONTRACTS

On January 5, 2018, the Company entered into a series of forward foreign exchange contracts totalling $98.0 million USD, to fix the foreign exchange rate and cash flows related to a portion of the Company's USD denominated liabilities. The forward contracts are not designated as hedges for accounting purposes; they are measured at fair value at each reporting date. The counterparty of the forward contracts is a highly rated financial institution and the Company does not anticipate any non-performance. The estimated fair value of future cash flows of the USD forward contract derivatives change with fluctuations in the foreign exchange rate of USD to Canadian dollars. The estimated fair value of these agreements as at August 31, 2018 was $3.8 million, which has been recorded in the interim consolidated statements of financial position as a long-term asset (note 4) and within other expense (income), net in the interim consolidated statements of income (loss) and comprehensive income (loss) (note 15). The Company has the following undiscounted contractual obligations related to forward foreign exchange contracts:

(thousands of Canadian dollars)	Total	Within 1 year	2 - 3 years	4 - 5 years	More than 5 years
Contractual CDN cash outflows	109,616	24,552	51,212	33,852	—
Contractual USD cash inflows	88,400	19,800	41,300	27,300	—

12. 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.

	Voting shares		Non-Voting shares		Total
	#	$	#	$	$
Balance - August 31, 2017	3,421,792	26,498	202,835,501	2,265,316	2,291,814
Conversion of Class A Voting Shares to Class B Non-Voting Shares	(2,400)	(19)	2,400	19	—
Issuance of shares under stock option plan	—	—	7,975	85	85
Issuance of shares under dividend reinvestment plan	—	—	5,731,790	38,578	38,578
Balance - August 31, 2018	**3,419,392**	**26,479**	**208,577,666**	**2,303,998**	**2,330,477**

EARNINGS (LOSS) PER SHARE

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

	Three months ended August 31,		Year ended August 31,	
	2018	2017	**2018**	2017
Net income (loss) attributable to shareholders (numerator)	**33,675**	28,919	**(784,509)**	191,665
Weighted average number of shares outstanding (denominator)				
Weighted average number of shares outstanding - basic	**210,479**	202,256	**208,257**	201,065
Effect of dilutive securities	**—**	472	**—**	304
Weighted average number of shares outstanding - diluted	**210,479**	202,728	**208,257**	201,369

The calculation of diluted earnings (loss) per share for the three months and year ended August 31, 2018 excluded 6,124 and 6,057, respectively (2017 – 2,399 and 2,487, respectively) 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 :

	August 31, 2018	August 31, 2017
Outstanding employee stock options	**6,057,375**	5,256,850
Exercisable employee stock options	**3,021,550**	2,282,125
Outstanding PSUs	**1,424,404**	1,236,831
Outstanding DSUs	**1,206,809**	1,141,741
Outstanding RSUs	**517,392**	406,700

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

Share-based compensation expense (recovery) recorded for the fourth quarter and the year ended August 31, 2018 in respect of these plans was a recovery of $1,764 and a recovery of $7,818 (2017 – an expense of $2,589 and an expense of $8,266). As at August 31, 2018, the carrying value of the liability for PSU, DSU and RSU units was $4,912 (August 31, 2017 – $22,068).

13. DIRECT COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended August 31,		Year ended August 31,	
	2018	2017	**2018**	2017
Direct cost of sales				
Amortization of program rights (note 5)	**122,966**	119,707	**516,300**	510,716
Amortization of film investments (note 6)	**5,980**	7,181	**16,197**	23,958
Other cost of sales	**7,636**	9,605	**27,349**	27,614
General and administrative expenses				
Employee costs	**78,613**	85,801	**303,847**	324,898
Other general and administrative	**49,328**	51,317	**208,026**	213,739
	264,523	273,611	**1,071,719**	1,100,925

14. INTEREST EXPENSE

	Three months ended August 31,		Year ended August 31,	
	2018	2017	**2018**	2017
Interest on long-term debt	**23,002**	25,313	**89,026**	103,054
Imputed interest on long-term liabilities	**9,910**	12,324	**43,240**	51,519
Amortization of deferred gain on settled interest rate swap	**(2,380)**	—	**(7,323)**	—
Other	**473**	484	**2,403**	2,143
	31,005	38,121	**127,346**	156,716

15. OTHER EXPENSE (INCOME), NET

	Three months ended August 31,		Year ended August 31,	
	2018	2017	**2018**	2017
Foreign exchange loss (gain)	**1,257**	(19,568)	**5,382**	(12,157)
Equity loss of associates	**302**	561	**1,558**	2,675
Impairment	**—**	5,250	**—**	5,250
Venture fund distribution	**—**	(2,904)	**—**	(2,904)
Other expense (income)	**(950)**	187	**(1,248)**	(1,817)
	609	(16,474)	**5,692**	(8,953)

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

16. INCOME TAXES

The reconciliation of income taxes attributable to operations computed at the statutory rates to income tax expense is as follows:

	Year ended August 31, 2018		Year ended August 31, 2017	
	$	**%**	$	%
Income tax at combined federal and provincial rates	**(177,650)**	**26.5%**	81,259	26.5%
(Income) loss subject to tax at less than statutory rates	**(191)**	**0.0%**	(27)	(0.0%)
Non-taxable portion of capital gains	**(88)**	**0.0%**	843	0.3%
Goodwill impairment	**265,136**	**(39.6%)**	—	—%
Transaction costs	**(29)**	**0.0%**	(440)	(0.1%)
Increase of various tax reserves	**450**	**0.0%**	953	0.3%
Miscellaneous differences	**501**	**(0.1%)**	(90)	(0.0%)
	88,129	**(13.2%)**	82,498	26.9%

17. BUSINESS SEGMENT INFORMATION

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

TELEVISION

The Television segment is comprised of 44 specialty television networks, 15 conventional television stations, and the Corus content business, which includes the production and distribution of films and television programs, merchandise licensing, book publishing, animation software, and technology and media services. Revenues are generated from advertising, subscribers and the licensing of proprietary films and television programs, merchandise licensing, book publishing, animation software, and technology and media service 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, debt refinancing costs, business acquisition, integration and restructuring costs, impairments, gains or losses on dispositions, 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 annual audited consolidated financial statements.

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

REVENUES AND SEGMENT PROFIT

Three months ended August 31, 2018	**Television**	**Radio**	**Corporate**	**Consolidated**
Revenues	**344,646**	**34,438**	**—**	**379,084**
Direct cost of sales, general and administrative expenses	**235,908**	**25,981**	**2,634**	**264,523**
Segment profit (loss)	**108,738**	**8,457**	**(2,634)**	**114,561**
Depreciation and amortization				**19,839**
Interest expense				**31,005**
Business acquisition, integration and restructuring costs				**7,703**
Other expense, net				**609**
Income before income taxes				**55,405**

Three months ended August 31, 2017	Television	Radio	Corporate	Consolidated
Revenues	346,008	35,204	—	381,212
Direct cost of sales, general and administrative expenses	238,755	26,902	7,954	273,611
Segment profit (loss)	107,253	8,302	(7,954)	107,601
Depreciation and amortization				22,807
Interest expense				38,121
Business acquisition, integration and restructuring costs				13,265
Other income, net				(16,474)
Income before income taxes				49,882

Year ended August 31, 2018	**Television**	**Radio**	**Corporate**	**Consolidated**
Revenues	**1,499,322**	**148,025**	**—**	**1,647,347**
Direct cost of sales, general and administrative expenses	**957,533**	**107,717**	**6,469**	**1,071,719**
Segment profit (loss)	**541,789**	**40,308**	**(6,469)**	**575,628**
Depreciation and amortization				**81,861**
Interest expense				**127,346**
Broadcast license and goodwill impairment				**1,013,692**
Business acquisition, integration and restructuring costs				**17,071**
Other expense, net				**5,692**
Loss before income taxes				**(670,034)**

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

Year ended August 31, 2017	Television	Radio	Corporate	Consolidated
Revenues	1,529,792	149,216	—	1,679,008
Direct cost of sales, general and administrative expenses	965,425	109,689	25,811	1,100,925
Segment profit (loss)	564,367	39,527	(25,811)	578,083
Depreciation and amortization				91,750
Interest expense				156,716
Business acquisition, integration and restructuring costs				31,983
Other income, net				(8,953)
Income before income taxes				306,587

Revenues are derived from the following areas:

	Three months ended		Year ended	
		August 31,		**August 31,**
	2018	2017	**2018**	2017
Advertising	**218,896**	227,028	**1,043,810**	1,080,929
Subscriber fees	**128,329**	127,110	**507,756**	506,666
Merchandising, distribution and other	**31,859**	27,074	**95,781**	91,413
	379,084	381,212	**1,647,347**	1,679,008

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

SEGMENT ASSETS AND LIABILITIES

	August 31, 2018	August 31, 2017
Assets		
Television	**4,373,037**	5,462,897
Radio	**242,701**	260,573
Corporate	**267,216**	344,374
	4,882,954	6,067,844
Liabilities		
Television	**1,105,882**	1,184,239
Radio	**44,991**	50,989
Corporate	**2,055,278**	2,233,095
	3,206,151	3,468,323

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

18. CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Three months ended		Year ended	
		August 31,		**August 31,**
	2018	2017	**2018**	2017
Interest paid	**23,489**	25,814	**91,611**	105,694
Interest received	**435**	110	**1,244**	1,045
Income taxes paid	**18,101**	34,642	**66,431**	66,249

19. BUSINESS COMBINATIONS AND DIVESTITURES

Disposition of 29% interest in the Cooking Channel

On December 12, 2016, the Company sold a 29% interest in 7202377 Canada Inc. (the "Cooking Channel"), a subsidiary, to Scripps Network LLC for $7,500, the fair value at the date of the sale. Cash proceeds of $5,250 were received upon closing. A further $2,176 was received in fiscal 2018. Control of this subsidiary did not change, therefore a business combination did not occur. As such, the Company continues to consolidate the Cooking Channel, but the transaction did give rise to a non-controlling interest in the Cooking Channel. In accordance with IFRS 10 – *Consolidated Financial Statements*, an adjustment has been made to the carrying amounts of the non-controlling interests in these interim condensed consolidated financial statements related to the reallocation of equity interest to reflect the underlying carrying value of the net assets of the Cooking Channel.