power of corus.

Annual Report 2016

us.

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Corus reaches
9 out of 10
Canadians every
single week.

Dear Fellow Shareholders

Fiscal 2016 has been nothing short of transformational for Corus. We more than doubled our size, bringing together many of the most powerful media brands and content in the country and assembling an extraordinary team to lead our company through its next chapter.

As a pure play media and content company, the new Corus has the scale and strength to not only lead the industry in Canada, but to grow our business around the world.

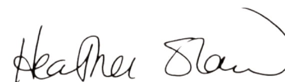
Today, Corus reaches 9 out of 10 Canadians every single week,[1] and in a month, we reach 96 percent of all Canadians.[2] The power of this reach is simply incredible, and provides us with the ability to ensure our content not only remains top of mind with consumers but also provides our advertisers with the ability to reach virtually all Canadians through premium, engaging and contextually relevant content.

Audiences are consuming more content than ever before, and while technologies and devices are evolving, the premium brands, content and partnerships we have will ensure we continue to play a vital role in their lives moving forward.

As we head into fiscal 2017, we have a strong foundation in place and a clear plan for growth. We remain committed to returning value to our shareholders as we take a balanced approach to maintaining our dividend, paying down debt and investing for the future.

We have gone through a period of board renewal. Your board members bring a wealth of knowledge and expertise to our company, and along with our strong management team, will help lead Corus through our next chapter.

I would also like to acknowledge the tremendous commitment and hard work by all of our Corus team this past year – it is their dedication and tireless efforts that led us to the place we are today. We're so pleased to see how well the integration is progressing, the incredible energy throughout the company, and how our newly combined teams are working successfully together. We're all very excited for the future of Corus and the opportunities that lie ahead.



Heather Shaw
Executive Chair

[1] Numeris PPM / Diary data, TV & Radio, Avg Wkly Rch, A2+, Total Canada // Comscore Media Metrix, multi-platform 3-month avg. reach adjusted to weekly formula applied to generate exclusive reach by platform

[2] Numeris PPM/Diary data, TV & Radio, Avg Mthly Rch, A2+, Total Canada // Comscore Media Metrix, multi-platform, A2+ Avg Mthly Rch // Standard duplication formula applied to generate exclusive reach by platform

In fiscal 2016, we embarked on a multi-year journey to transform Corus into an integrated media and content company.

Our aspiration is to lead our industry in Canada by delivering exceptional value to our customers, our clients and our shareholders, and then leverage this strong domestic base to build our content business internationally.

Our path has been guided by three strategic priorities we first put in motion in fiscal 2015:

1. To own and control more content
2. To engage our audiences
3. To expand into new and adjacent markets

These priorities are in turn supported by three key initiatives:

- Build scale through strong partnerships;
- Pursue targeted M&A opportunities; and
- Focus on best-in-class execution.

This past year, we made considerable progress against these priorities, the most notable being our transformational acquisition of Shaw Media. This deal changed the face of media in Canada, and provided Corus with the scale, the brands and the talent to compete and to win both at home and abroad.

We are already seeing the power of the new Corus. In our local markets, we have integrated our radio and news organizations, driving efficiencies and cost savings throughout our operations. The teams have been successfully working to harness the power of TV and radio by sharing content across platforms, coordinating coverage of major events such as the US elections, leveraging our TV personalities on radio and vice versa, as well as bundling TV and radio together to create new local revenue opportunities.

Through our combined assets, we also now have the promotional heft to successfully launch and drive audiences to our content. This fall for example, Global was the most-watched network in primetime for premiere week, claiming 3 of the top 5 new programs and the #1 television show overall with *Bull*, which had more than 2.8 million viewers tuned into the premiere.[1] With the power of the new Corus behind it, this was the strongest premiere week for Global in over a decade, and we've continued to hold our strong position with 3 of the top 5 shows throughout the fall season.

Not only do we now have scale, we have *differentiated scale*, over-indexing with women and family audiences, the most coveted demographic for advertisers and distributors. Combined, Corus now has 6 of the top 10 specialty channels for adults aged 25-54, 7 of the top 10 specialty channels among women aged 25-54, and 8 of the top 10 children's channels.[2] These strong brands are also the perfect environment for advertisers to place their branded content, both on linear and through our digital platforms.

This strong foundation of Women & Lifestyle content has enabled us to further build on our international content business with the launch of Corus Studios. Last year, we introduced three unscripted reality series: *Masters of Flip*, *Buying the View* and *Cheer Squad*. These shows were met with tremendous international interest, with *Masters of Flip* now sold in more than 90 territories around the world and *Buying the View* in over 60 territories.

In October, we debuted three additional new unscripted series, *Home to Win*, *Backyard Builds* and *$ave My Reno*, and for fiscal 2017, we will more than double the number of unscripted reality episodes for sale, when compared to fiscal 2016.

Another major initiative for fiscal 2016, in support of our priority to build scale through partnerships and to control more content, was the launch of our Disney suite of channels. As the premiere brand steward in Canada, the addition of these iconic brands to our portfolio establishes our position as the leader in kids and family entertainment in our market. The contribution of the new Disney suite of channels, along with favourable renewal of certain carriage agreements in the quarter, contributed to our strong subscriber growth in Q4 of fiscal 2016.

Corus is also leading the industry through our Ad Tech innovations. Our Next Generation Advertising (NGA) initiative, for example, offers advertisers the ability to target specific audience segments to improve their return on airtime investments, and is one of the largest data sets of its kind in the world. Combined with our Audience Intelligence Platform (AIP), which has more than a million consumers who have opted in to hear from Corus, we have a rich data set which can be leveraged by advertisers, combining the mass reach and engagement of television and radio, with the power of data.

And this is only the beginning.

Our team has just begun to unlock the many opportunities we have as the new Corus, and we look forward to the progress which we will continue to make in fiscal 2017. We are also firmly focused on delivering on our financial commitments to:

- Ensure we identify and capture all revenue and cost synergies, delivering $40-50 million in cost savings within 18-24 months of becoming the new Corus:
- Deliver solid free cash flow to enable investment to advance our strategic priorities and reduce leverage to below 3.0x or greater by the end of fiscal 2018; and
- Maintain our dividend of $1.14 per Class B Share.

We are tracking well against each of these priorities and are confident in our momentum heading into fiscal 2017.

In summary, fiscal 2016 was a game-changing year for Corus. As we head into fiscal 2017, we will continue to leverage all opportunities we have as the new Corus, including continuing to build on our Ad Tech investments, focusing on smart investments to build our slate of owned-content both at home and abroad, and strengthening our premium roster of brands across television, radio, digital and social.

I'd like to thank our teams across the country for the incredible passion, commitment and ingenuity they have demonstrated this past year. We are well positioned to continue to build on the significant advances we made in 2016 towards our goal of transforming Corus from a traditional broadcaster into a future-focused, integrated media and content company, and to delivering exceptional value to all of our stakeholders.

Doug Murphy
President and CEO

[1] Numeris confirmed data, Total Canada, AMA(000), premiere week 2016 (Sept 19-25), National program schedule 8-11p, growth vs. premiere week 2015 (Sept 21-27)
[2] Numeris TV Meter - Broadcast Year (8/31/2015 to 8/28/2016), Specialty Channels ex. Sports, Total Canada, M– Su, 2a–2a, Avg. Minute Audience

We are well positioned to continue to build on the significant advances we made this year towards our goal of transforming Corus from a traditional broadcaster, into a future-focused, integrated media and content company.

media + content powerhouse

The power of storytelling. The power of reach. The power to engage.

Corus is a leading media and content company that creates and delivers high-quality brands and content across platforms for audiences in Canada and around the world. Our multimedia offerings encompass 45 specialty television services, 15 conventional television stations, 39 radio stations and a global content business which consists of the production and distribution of television and film content, merchandise licensing, children's book publishing, animation software, and media and technology services.

Corus' powerful portfolio is comprised of many of the most iconic and beloved media brands in Canada. In fact, 9 out of 10 Canadians engage with our brands every single week.[1] Not only does this provide advertisers with the ability to reach consumers en masse, our Next Generation Advertising capabilities allow us to target specific consumers based on their interests or demographics, combining the power of television and radio with the intelligence of data.

45 specialty networks

15 conventional stations

39 radio stations

Corus original content is sold in

160 countries around the world

#1 Canadian-owned children's publisher Kids Can Press

9 out of 10 Canadians reached each week by Corus[1]

[1] Numeris PPM / Diary data, TV & Radio, Avg Wkly Rch, A2+, Total Canada // Comscore Media Metrix, multi-platform 3-month avg. reach adjusted to weekly formula applied to generate exclusive reach by platform

TV

Since its inception, the power of television has been unmatched.

No other medium has the power to engage, to influence, to entertain, or to evoke emotion quite like television. In Canada, audiences continue to consume television more than any other media, watching over 130 million hours of television every single day! Corus has a 35% share[1] of the English-speaking television market in Canada, bolstered by Global Television, which reaches over 17 million Canadians weekly,[2] and fueled by our leading specialty entertainment brands, which are the top choice with audiences across the country. Combined, Corus now has 6 of the top 10 specialty channels for adults aged 25-54, 7 of the top 10 specialty channels among women aged 25-54, and 8 of the top 10 children's channels.[3]

Strong Specialty Network Rankings

6 of top 10[3]

Specialty Channels

7 of top 10[3]

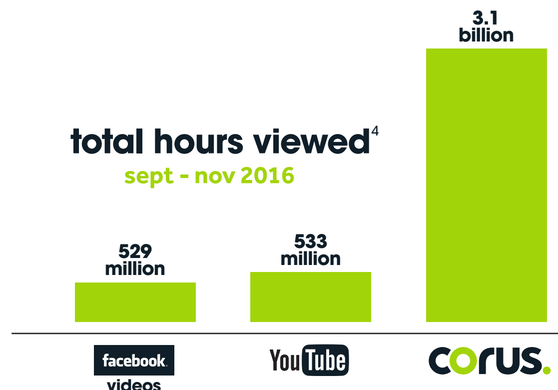
Specialty Channels Among Women

8 of top 10[3]

Specialty Channels Among Kids

The Power of Television

TV's unparalleled reach and strong viewer connection makes it the most impactful and efficient of all advertising mediums. While digital platforms have grown in popularity, TV still dominates time spent with media by Canadians of all ages.



[1] Numeris TV Meter – Broadcast Year (8/31/2015 to 8/28/2016), Live 7+ days, Total Canada, A2+ M–Su, 2a–2a

[2] Numeris TV Meter – Broadcast Year (8/31/2015 to 8/28/2016), Total Canada, A2+ M-Su 2a-2a, Avg. Weekly Reach

[3] Numeris TV Meter - Broadcast Year (8/31/2015 to 8/28/2016), Specialty Channels ex. Sports, Total Canada, M– Su, 2a–2a, Avg. Minute Audience

[4] All data represents September 2016 to November 2016 total video minutes viewed-Persons 2+. Television: Numeris, Total Canada, All Locations, all Corus channels. Digital: comScore desktop video minute actuals with estimated mobile video minutes. Corus digital properties added to Corus television properties.

The BACHELORETTE Canada

NETWORK

News and Radio

The Power of Local.

In the increasingly global world we live in, the power of local media and advertising is as impactful as ever. Local news and radio continue to be highly trusted, go-to sources for news and entertainment, as consumers seek relevant information and perspectives on the events of the day and on what's happening in their local communities.

Corus is the third-largest radio operator in Canada, with 5.7 million listeners tuning in weekly,[1] and more than 6.4 million hours of live content streamed every month. In addition to this, our 7 talk radio stations see more than 400,000 downloads per month of our audio on demand and podcast content. This year, Corus was the first Canadian commercial broadcaster to be added to the Apple Music platform.

Now, with the addition of Global News and our 15 conventional stations across the country, Corus can better serve the local markets and leverage synergies between news and radio to grow and enhance local advertising opportunities, while creating growth through content sharing, cross promotion and advertising bundling.

Additionally, Global News has bureaus and correspondents in every major Canadian city as well as in Washington, D.C. and London, England, providing analysis on important local, national and international events — and we are leveraging this content across radio, television and all of our digital and social platforms to drive audiences.

Powerful Combination of Radio and Local Television to Deliver Local Audiences

- Content Sharing
- Cross Promotion
- Ad Bundling
- Cost Efficiencies

[1] Numeris Radio, PPM & Diary – Combined, A2+ and A25-54, Reach Plan (M-Su 5a-1a), Fall 2015 (8/31/2015 to 11/29/2015 for PPM Markets and 9/7/2015 to 11/1/2015 for Diary Markets) Average Weekly Reach and Share of Tuning

Global NEWS
Global NEWS

Talk Radio AM640

LIVE Fort McMurray Wildfire
POLICE
Global NEWS

Q107

The Morning Show

original Content

The Power of Content.

We are living in the golden age of content, with audiences consuming more television programming than ever before. A key strategic priority for Corus is to own and control more content across platforms and to bring many of our successful domestic shows to audiences around the world.

Through Nelvana, we have a deep history of producing and distributing children's animated content globally, and last year, we started building our owned slate of Women & Lifestyle original content, with the introduction of three unscripted reality series for sale globally: *Masters of Flip*, *Buying the View* and *Cheer Squad*. These shows were met with tremendous interest — *Masters of Flip* is now available in more than 90 territories, and *Buying the View* in more than 60 territories internationally.

This fall, under the umbrella Corus Studios, we debuted three additional new unscripted lifestyle series – *Home to Win*, *Backyard Builds* and *$ave My Reno* – as we continue to grow our slate of original content. In fiscal 2017, we will more than double the number of episodes of unscripted reality content for sale, in comparison to last year.

Nelvana also expanded its content pipeline, with sales to some of the world's most renowned media companies this year. A number of strong franchise properties will be launched in the international market over the next year, including:

- *Mysticon*s, which is set for global debut in 2017 on Nickelodeon platforms worldwide
- *Hotel Transylvania*: *The Television Series*, which is slated to premiere on Disney Channels worldwide next year
- *The ZhuZhus*, a new series based on the popular heritage ZhuZhu Pets brand, which was also licensed to Disney Channels worldwide
- *Esme and Roy*, a new Sesame Workshop Original animated series that will debut on HBO in 2017, then on Treehouse in Canada
- *Bravest Warriors*, a new series in development from *Adventure Time* creator Pendleton Ward

HOTEL
TRANSYLVANIA
THE SERIES

MASTERS
of FLIP

BUYING
THE VIEW

RANGER
ROB

THE MOST
MAGNIFICENT
THING
ASHLEY SPIRES

MYSTICONS

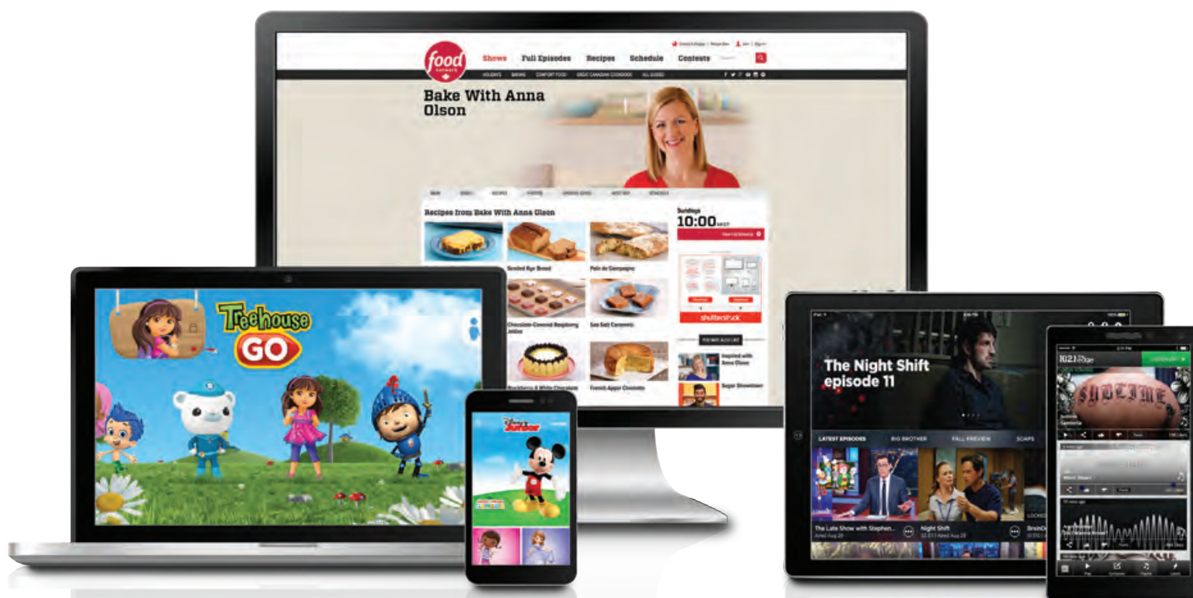
HOME TO
WIN

Reaching Consumers Across Platforms

Powerful linear brands make powerful digital brands.

In a cluttered and fragmented environment, consumers are engaging with Corus' premium content across platforms and devices. In fiscal 2016, our social content was viewed over one billion times on social media, and every month, Globalnews.ca receives more than 56 million total views as consumers seek out news and information they can trust. Across our suite of websites, Corus reaches over 10 million Canadians online monthly,[1] and our growing suite of mobile apps provides consumers with live streaming on-the-go, across devices.

The strength and breadth of Corus' portfolio of brands enables us to optimize our advertising revenues through cross-platform and cross-brand sales, as well as reinforce our scale and scope by promoting Corus programming across all of our channels and digital platforms.



[1]comScore Media Metrix Multi-Platform Data - July-September 2016

11:03
79%
Search
Home
About
Photos
Videos
Posts
HISTORY (CA) was live.
Posted by NewTek Share App
Friday at 12:09
Join the raid with #AlexanderLudwig,
#LiveOnFacebook now!
812
Like
245 Comments 55 Shares
Share

Corus Television

Conventional Stations

Women + Lifestyle

Kids + General Entertainment

Original Content

Digital Everywhere

(*Corus Entertainment owns less than a 50% equity position)

Corus Radio

Vancouver, British Columbia

- CHMJ-AM AM730 All Traffic All The Time
- CKNW-AM News Talk 980 CKNW
- CFMI-FM Rock 101
- CFOX-FM The World Famous CFOX

Calgary, Alberta

- CHQR-AM News Talk 770
- CFGQ-FM Q107
- CKRY-FM Country 105

Edmonton, Alberta

- CHED-AM 630 CHED
- CHQT-AM iNews880
- CISN-FM CISN COUNTRY 103.9
- CKNG-FM 92.5 Fresh Radio

Winnipeg, Manitoba

- CJOB-AM 680 CJOB
- CJGV-FM 99.1 Fresh Radio
- CJKR-FM BIG 97.5

Barrie/Collingwood, Ontario

- CHAY-FM 93.1 Fresh Radio
- CIQB-FM B101
- CKCB-FM 95.1 The Peak FM

Cambridge/Kitchener, Ontario

- CJDV-FM 107.5 DAVE ROCKS
- CKBT-FM 91.5 The Beat

Cornwall, Ontario

- CFLG-FM 104.5 Fresh Radio
- CJSS-FM boom 101.9

Guelph, Ontario

- CJOY-AM 1460 CJOY
- CIMJ-FM Magic 106.1

Kingston, Ontario

- CKWS-FM 104.3 Fresh Radio
- CFMK-FM BIG 96.3

Hamilton, Ontario

- CHML-AM AM 900 CHML
- CING-FM 95.3 Fresh Radio
- CJXY-FM Y108

London/Woodstock, Ontario

- CFPL-AM AM980
- CFHK-FM 103.1 Fresh Radio
- CFPL-FM FM96
- CKDK-FM Country 104

Ottawa, Ontario

- CKQB-FM JUMP! 106.9
- CJOT-FM boom 99.7

Peterborough, Ontario

- CKRU-FM 100.5 Fresh Radio
- CKWF-FM THE WOLF 101.5

Toronto, Ontario

- CFMJ-AM Talk Radio AM640
- CFNY-FM 102.1 the Edge
- CILQ-FM Q107

Board of Directors

Doug Murphy
Member of the Executive Committee

Heather Shaw
Chair of the Board of Directors
Chair of the Executive Committee

Fernand Bélisle
Member of the Human Resources and Compensation Committee
Serves as the Independent Lead Director for Corus Entertainment Inc.

Peter Bissonnette
Member of the Executive Committee

Michael D'Avella
Member of the Audit Committee

Trevor English

John Frascotti
Member of the Corporate Governance Committee

Mark Hollinger
Chair of the Corporate Governance Committee
Member of the Executive Committee

Barry James
Chair of the Audit Committee
Member of the Executive Committee

Catherine Roozen
Chair of the Human Resources and Compensation Committee
Member of the Executive Committee

Terrance Royer
Member of the Audit Committee
Member of the Human Resources and Compensation Committee

Julie Shaw
Vice Chair of the Board of Directors
Member of the Corporate Governance Committee

Officers

Doug Murphy
President and Chief Executive Officer

Heather Shaw
Executive Chair

Barbara Williams
Executive Vice President and Chief Operating Officer

Judy Adam, CA
Senior Vice President, Finance

Scott Dyer
Senior Vice President and President, Nelvana

John Gossling, FCPA, FCA
Executive Vice President and Chief Financial Officer

Gary Maavara
Executive Vice President and General Counsel, Corporate Secretary

Greg McLelland
Executive Vice President and Chief Revenue Officer

Kathleen McNair
Executive Vice President, Special Advisor to the CEO and Chief Integration Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of the financial position and results of operations for the year ended August 31, 2016 is prepared at November 14, 2016. The following should be read in conjunction with the Company's August 31, 2016 audited consolidated financial statements and notes therein. The financial highlights included in the discussion of the segmented results are derived from the audited 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.

USE OF NON-IFRS FINANCIAL MEASURES

The Management's Discussion and Analysis contains references to certain measures that do not have a standardized meaning under IFRS as prescribed by the International Accounting Standards Board and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS measures by providing a further understanding of operations from management's perspective. Accordingly, non-IFRS measures should not be considered in isolation nor as a substitute for analysis of financial information reported under IFRS. The Company presents non-IFRS measures, specifically, segment profit, adjusted segment profit, adjusted net income, adjusted basic earnings per share, free cash flow, net debt and net debt to segment profit.

The Company believes these non-IFRS measures are frequently used by securities analysts, investors and other interested parties as measures of financial performance and to provide supplemental measures of operating performance and thus highlight trends that may not otherwise be apparent when relying solely on IFRS financial measures. A reconciliation of the Company's non-IFRS measures is included in this report as well as the Report to Shareholders which is available on Corus' website at www.corusent.com.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

OVERVIEW

Corus Entertainment Inc. ("Corus" or the "Company") is a Canadian-based integrated media and content company that creates and delivers high quality brands and content across platforms for audiences in Canada and around the world. The Company's portfolio of multimedia offerings encompasses 45 specialty television networks, 15 conventional television stations, 39 radio stations and a global content business, digital assets, children's book publishing, animation software, technology and media services.

Corus operates through two operating segments: Television and Radio. The Corporate results represent the incremental cost of corporate overhead in excess of the amount allocated to the operating segments. Generally, Corus' financial results depend on a number of factors, including the strength of the Canadian national economy and the local economies of Corus' served markets, local and national market competition from other broadcasting stations, platforms and other advertising media, government regulation, market competition from other distributors of animated and factual reality programming, and Corus' ability to continue to provide popular programming.

TELEVISION

The Television segment is comprised of 45 specialty television networks, 15 conventional television stations and a content business, which consists of the production and distribution of films and television programs, merchandise licensing, publishing, animation software, and media and technology services. On February 29, 2016, Corus ceased operations of its pay television business. On April 1, 2016, Corus acquired 100% of Shaw Media (the "Acquisition" or "Shaw Media") from Shaw Communications Inc. ("Shaw"), which included 19 specialty television networks, 12 Global Television branded conventional television stations, Global News, globalnews.ca, and HistoryGO and GlobalGO mobile apps.

Revenues for the specialty television networks are generated from both advertising and subscribers, while revenues from the conventional television stations are derived solely from advertising. Revenues for the content business are generated from the licensing of proprietary films and television programs, merchandise licensing, children's book publishing and animation software, and media and technology service sales. For both advertising and subscriber revenues, it is critical that the Company offer Canadians entertaining content that engages them. The Company's content is available to Canadians through a variety of platforms, including conventional or specialty television, online websites or mobile apps. Catering to consumer demand for quality and choice, the Company strives to offer the best content available to Canadians when and where they choose to consume it.

RADIO

The Radio segment is comprised of 39 radio stations across Canada situated primarily in high-growth urban centres in English Canada, with a concentration in the densely populated area of Southern Ontario. The Company's primary method of distribution is over-the-air, analog radio transmission, with additional delivery platforms including HD Radio, websites and mobile apps.

Revenues for the Company's radio business are derived primarily from advertising.

ANNUAL SELECTED FINANCIAL INFORMATION

The following table presents summary financial information for Corus for each of the listed years ended August 31:

(in millions of Canadian dollars, except percentages and per share amounts)				% Increase (Decrease)	
	2016	2015	2014	2016 over 2015	2015 over 2014
Revenues	**1,171.3**	815.3	833.0	43.7	(2.1)
Segment profit[1]	**411.0**	277.2	289.6	48.3	(4.3)
Net income (loss) attributable to shareholders	**125.9**	(25.2)	150.4		
Adjusted net income attributable to shareholders[1]	**129.0**	135.9	150.3		
Basic earnings (loss) per share	**$ 0.96**	$ (0.29)	$ 1.77		
Adjusted basic earnings per share[1]	**$ 0.98**	$ 1.57	$ 1.77		
Diluted earnings (loss) per share	**$ 0.96**	$ (0.29)	$ 1.76		
Total assets	**6,093.4**	2,632.1	2,784.6		
Long-term debt (inclusive of current portion)	**2,196.0**	801.0	874.3		
Cash dividends declared per share					
Class A Voting	**$1.1350**	$1.1142	$1.0558		
Cc lass B Non-Voting	**$1.1400**	$1.1192	$1.0608		

Notes:
[1] As defined in "Key Performance Indicators" section.

RESULTS OF OPERATIONS

The following table presents summary financial information for Corus' operating segments and a reconciliation of net income to segment profit for each of the listed years ended August 31:

(in thousands of Canadian dollars, except percentages)			% Increase (Decrease)
	2016	2015	2016 over 2015
Revenues			
Television	**1,015,609**	653,770	55.3
Radio	**155,705**	161,545	(3.6)
	1,171,314	815,315	43.7
Direct cost of sales, general and administrative expenses			
Television	**611,384**	393,641	55.3
Radio	**119,546**	124,538	(4.0)
Corporate	**29,370**	19,949	47.2
	760,300	538,128	41.3
Segment profit[1]			
Television	**404,225**	260,129	55.4
Radio	**36,159**	37,007	(2.3)
Corporate	**(29,370)**	(19,949)	47.2
	411,014	277,187	48.3
Depreciation and amortization	**73,969**	24,057	
Interest expense	**110,862**	50,936	
Broadcast license and goodwill impairment	**—**	130,000	
Debt refinancing	**61,248**	—	
Intangible impairment	**—**	51,786	
Business acquisition, integration and restructuring costs	**57,198**	19,032	
Gain on disposition	**(86,151)**	—	
Other expense (income), net	**8,752**	(10,117)	
Income before income taxes	**185,136**	11,493	
Income tax expense	**41,575**	30,993	
Net income (loss) for the year	**143,561**	(19,500)	
Net income (loss) attributable to:			
Shareholders	**125,931**	(25,154)	600.6
Non-controlling interest	**17,630**	5,654	211.8
Net income (loss) for the year	**143,561**	(19,500)	836.2

[1] As defined in Key Performance Indicators section

FISCAL 2016 COMPARED TO FISCAL 2015

For a discussion on the Company's results of operations for the fourth quarter of fiscal 2016, we refer you to Corus' Fourth Quarter 2016 Report to Shareholders filed on SEDAR on October 19, 2016.

The following discussion describes the significant changes in the consolidated results from operations for the year ended August 31, 2016 compared to the prior year.

Commencing April 1, 2016, 100% of the operating results of Shaw Media, as well as its assets and liabilities have been fully consolidated as a business combination in accordance with IFRS 3 – *Business Combinations* and, as a result, Shaw Media has been accounted for by applying the acquisition method as of that date. Shaw Media has been reported as part of the Television segment (refer to note 27 of the Company's audited consolidated financial statements for the year ended August 31, 2016 for further details).

For fiscal 2016, certain of Corus' Pay Television business' ("Pay TV") assets and liabilities were reclassified as held for disposal effective November 19, 2015 as a consequence of meeting the definition of assets held for sale under IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. The Company's business activities are conducted through two operating segments, Television and Radio. The disposal group, Pay TV, is not a separate operating

segment, but it is included as part of the Television operating segment. Accordingly, the disposal group, Pay TV, did not qualify for discontinued operations presentation and, as a result, its operating results remain in continuing operations in the consolidated statement of income and comprehensive income for the year ended August 31, 2016. However, intangible assets classified as held for disposal ceased being amortized effective November 19, 2015 and as a consequence, amortization of program and film rights in the Television segment for the year ended August 31, 2016 is lower, by approximately $15.6 million, than it would have been had amortization on these assets not ceased. On February 29, 2016, the Pay TV disposition was completed and the related proceeds and gain associated with this disposal group were recognized (refer to note 27 of the Company's audited consolidated financial statements for the year ended August 31, 2016 for further details).

REVENUES

For the year ended August 31, 2016, consolidated revenues of $1,171.3 million were up 44% from $815.3 million in the prior year. On a consolidated basis, advertising revenues, subscriber revenues, and merchandising, distribution and other revenues increased by 70%, 19% and 23%, respectively. Revenues increased in Television by 55%, but decreased in Radio by 4% in the current year compared to the prior year. The significant increase in revenues is mainly attributable to the Acquisition, which is included in the Television segment as of April 1, 2016, offset by the shutdown of the Pay TV business effective February 29, 2016. Shaw Media contributed $407.3 million in total revenues for the five months ended August 31, 2016.

Further analysis of revenues is provided in the discussions of segmented results.

DIRECT COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES

For the year ended August 31, 2016, direct cost of sales, general and administrative expenses of $760.3 million were up 41% from $538.1 million in the prior year. On a consolidated basis, direct costs of sales increased 35%, other general and administrative expenses increased 38%, and employee costs increased 56%. For the year ended August 31, 2016, direct cost of sales excludes amortization not taken on Pay TV program and film right assets of $15.6 million that were part of the disposal group.

The significant increase in direct cost of sales, general and administrative expenses for the year ended August 31, 2016 is mainly attributable to the Acquisition, effective April 1, 2016.

Further analysis of expenses is provided in the discussion of segmented results.

SEGMENT PROFIT

For the year ended August 31, 2016, consolidated segment profit was $411.0 million, up 48% from $277.2 million last year, however, this excludes amortization of disposed Pay TV program and film rights of $15.6 million. Adjusting for this, segment profit would be $395.4 million, up 43% from last year.

The significant increase in segment profit for the year ended August 31, 2016 is mainly attributable to the Acquisition, effective April 1, 2016. Further analysis is provided in the discussions of segmented results.

DEPRECIATION AND AMORTIZATION

For the year ended August 31, 2016, depreciation and amortization expense was $74.0 million, up from $24.1 million in the prior year. The increase in the year arises from higher amortization of intangible assets, specifically trade marks from new long-term licensing agreements that commenced in fiscal 2016 as well as incremental depreciation and amortization associated with assets acquired from the Acquisition.

INTEREST EXPENSE

Interest expense for the year ended August 31, 2016, was $110.9 million, up from $50.9 million, in the prior year. The increase is due to higher imputed interest costs and higher interest on long-term debt. The increase in imputed interest costs of $30.8 million for the fiscal year is attributable to new long-term licensing agreements that commenced in fiscal 2016 and from incremental long-term obligations assumed with the Acquisition. The increase in interest on long-term debt of $28.8 million for the fiscal year is attributable to increased bank debt associated with the financing of the Acquisition.

The effective interest rate on bank loans and notes for the year ended August 31, 2016 was 4.6% compared to 4.1%, in the prior year. The higher effective rates for the fiscal year are attributable to the Company's newly established syndicated senior secured credit facilities effective April 1, 2016 in connection with the Acquisition and the resulting higher 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. The Company has completed its annual impairment testing of broadcast licenses and goodwill and determined that there were no impairment charges required at August 31, 2016.

In the second quarter of fiscal 2015, certain radio clusters had actual results and revised cash flow projections that fell short of previous estimates, which indicated that interim broadcast license and goodwill impairment testing was required in the radio segment. As a result of those tests, the Company recorded broadcast license impairment charges of $23.0 million and a goodwill impairment charge of $107.0 million in its Radio segment. These charges are excluded from the determination of segment profit.

DEBT REFINANCING COSTS

The debt refinancing costs of $61.2 million in fiscal 2016 related to a redemption premium of $52.6 million associated with the redemption on April 18, 2016 of the outstanding $550.0 million 4.25% senior unsecured guaranteed notes due 2020 and $8.6 million of unamortized financing charges and bridge loan commitment fees associated with financing the Acquisition. Further discussion is provided in note 14 of the Company's audited consolidated financial statements for the period ended August 31, 2016. These charges are excluded from the determination of segment profit.

INTANGIBLE IMPAIRMENTS

In the third quarter of fiscal 2015, the Company undertook a strategic, in-depth review of its television programming slate to determine what programming would best position its services in the new regulatory environment. Programs that were not delivering adequate audience ratings were considered impaired and were written down accordingly. In addition, certain equity film investments were also considered impaired and written down accordingly. These film investments primarily related to equity film investments made by the Pay TV vertical, and certain boys action properties from Nelvana which were no longer supported by merchandising sales, as the lifecycles of the toy properties had ended. As a result, the Company recorded non-cash impairment charges in program rights and film investments of $51.8 million. These charges are excluded from the determination of segment profit.

BUSINESS ACQUISITION, INTEGRATION AND RESTRUCTURING COSTS

For the year ended August 31, 2016, the Company incurred $57.2 million of business acquisition, integration and restructuring costs compared to $19.0 million last year. The current year costs were attributable to acquisition and integration related costs in the Corporate segment relating to the Acquisition, as well as restructuring provisions resulting from organizational change across the Company. These charges are excluded from the determination of segment profit.

GAIN ON DISPOSITION

On February 29, 2016, the Company disposed of certain assets and related liabilities of its Pay TV business, which resulted in a gain of $86.2 million. The Company received cash proceeds of $211.0 million from Bell Media Inc. ("Bell") to cease operations of its Pay TV business. Further detail is provided in the discussion of the segmented results as well as note 27 of the Company's audited consolidated financial statements for the year ended August 31, 2016.

OTHER EXPENSE (INCOME), NET

Other expense for the year ended August 31, 2016 was $8.8 million compared to income of $10.1 million in the prior year. The expense in fiscal 2016 includes equity loss from associates of $5.9 million, offset by a venture fund distribution of $0.5 million, a gain on a sale of an investment of $0.7 million, interest income of $0.8 million, and foreign exchange gains of $0.3 million. In the prior year, other income includes cash proceeds of $18.5 million from a venture investment, of which $1.5 million related to a return of capital resulting in a gain of $17.0 million in the second quarter of fiscal 2015. This was offset by equity loss from associates of $3.3 million and foreign exchange losses of $5.0 million.

INCOME TAX EXPENSE

The effective tax rate for the year ended August 31, 2016 was 22.5% compared to the Company's 26.5% statutory rate. The lower effective tax rate is primarily a result of the non-taxable portion of capital gains associated with the disposition of certain Pay TV assets in the second quarter of fiscal 2016.

The effective tax rate for the year ended August 31, 2015 was a 270.0% compared to the Company's 26.5% statutory rate. This higher effective tax rate is primarily the result of the $107.0 million goodwill impairment charge recorded in the year, which is not a tax-deductible expense.

NET INCOME (LOSS) AND EARNINGS (LOSS) PER SHARE

Net income attributable to shareholders for the year ended August 31, 2016 was $125.9 million ($0.96 earnings per share), as compared to a net loss of $25.2 million ($0.29 loss per share) in the prior year. Net income attributable to shareholders for fiscal 2016 includes business acquisition, integration and restructuring costs of $57.2 million ($0.35 per share), debt refinancing costs of $61.2 million ($0.34 per share), a gain relating to the discontinuation of the Pay TV business and the disposal of certain assets of $86.2 million ($0.58 per share), and excludes amortization of disposed of Pay TV program and film rights of $15.6 million ($0.09 per share). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of $129.0 million ($0.98 per share basic) for the current fiscal year. Net loss attributable to shareholders for the year ended August 31, 2015 includes Radio broadcast license and goodwill impairment charges of $130.0 million ($1.44 per share), intangible asset impairment charges of $51.8 million ($0.44 per share), and business acquisition, integration and restructuring costs of $19.0 million ($0.15 per share), offset by a gain on disposition of an equity investment of $17.0 million ($0.17 per share). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of $135.9 million ($1.57 per share basic) for the prior fiscal year.

The weighted average number of basic shares outstanding for the year ended August 31, 2016, was 131,783,000, and has increased significantly in the current fiscal year due to the issuance of 71,364,853 Class B Non-Voting Shares to Shaw as part of the purchase consideration for the Acquisition and, in connection with the Acquisition, the issuance of 32,770,000 Class B Non-Voting Shares as a result of a public Equity Offering and Concurrent Private Placement completed April 1, 2016. The number of shares outstanding also increased from the issuance of shares from treasury under the Company's dividend reinvestment plan.

OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAXES

Other comprehensive loss for the year ended August 31, 2016 was $14.4 million, compared to income of $4.3 million in the prior year. For the year ended August 31, 2016, the loss includes an unrealized loss associated with remeasuring the fair value of cash flow hedges of $10.3 million, actuarial losses on post-employment benefit plans of $3.5 million, and the reclassification to income of $0.6 million in mark-to-market gains associated with an equity investment. The prior year income includes an unrealized gain from foreign currency translation adjustments of $4.2 million, a gain on actuarial valuation on post-employment benefit plans of $0.7 million, offset by unrealized losses associated with remeasuring the fair value of cash flow hedges of $0.3 million, and mark-to-market adjustments of equity investments of $0.3 million.

TELEVISION

The Television segment is comprised of 45 specialty television networks, 15 conventional television stations and the Corus content business, which consists of the production and distribution of films and television programs, merchandise licensing, children's book publishing, animation software, and technology and media services. On February 29, 2016, the Company discontinued its Pay TV business. On April 1, 2016, the Company acquired 100% of Shaw Media from Shaw, which included 19 specialty television networks, 12 Global Television branded conventional television stations ("Global Television"), Global News, globalnews.ca, and HistoryGO and GlobalGO mobile apps.

FINANCIAL HIGHLIGHTS

(thousands of Canadian dollars)	Year ended **August 31**,	
	2016	2015
Revenues	**1,015,609**	653,770
Expenses	**611,384**	393,641
Segment profit [1]	**404,225**	260,129
Amortization of Pay TV assets	**15,585**	—
Adjusted segment profit [1]	**388,640**	260,129

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

For the year ended August 31, 2016, total revenues increased 55% from the prior year, with advertising revenues up 116%, subscriber revenues up 19% and merchandising, distribution and other revenues up 26% compared to the prior year. The significant increase in total revenues for the fiscal year was mainly attributable to the Acquisition effective April 1, 2016, offset by the shutdown of the Pay TV business in western Canada effective February 29, 2016. Shaw Media contributed $407.3 million in total revenues for the five months ended August 31, 2016.

The following discussion highlights revenues for fiscal 2016 on a pro forma basis, after adjusting the prior year operating results for the inclusion of Shaw Media and exclusion of the Pay TV results for both fiscals 2015 and 2016. On a pro forma basis, total revenues were down 2% in fiscal 2016 compared to the prior year. Advertising revenues were down 8% in fiscal 2016 compared to the prior year, as a result of several factors including soft advertising market conditions, the timing of agency contract renewals as well as a number of major sporting events which occurred during the fourth quarter of fiscal 2016 (and were broadcast on competitors' networks). Both conventional and specialty television networks were negatively impacted in the current year by the summer Olympics and Euro 2016. In addition, Global Television faced tougher comparables to the prior year, as the prior year results benefited from the Federal election coverage, a stronger summer schedule on Global, and more advertising support for blockbuster theatrical releases. This was offset by growth in the subscription video-on-demand market.

On a pro forma basis, total subscriber revenues increased 8% in fiscal 2016 compared to the prior year, driven by the launch of the Company's suite of Disney channels earlier in the year and from the renewal of certain carriage agreements in the fourth quarter.

On a pro forma basis, merchandising, distribution and other revenues increased 6% in fiscal 2016 reflecting growth in distribution revenues from content licensing deals in the subscription video-on-demand market.

For the year ended August 31, 2016, total expenses increased 55% compared to the prior year. Direct cost of sales (which includes amortization of program rights and film investments, and other cost of sales) were 36% higher than the prior year, driven by additional programming costs related to the acquired Shaw Media services and the Disney and Nickelodeon program licensing agreements, partially offset by reduced programming amortization costs as a result of the shutdown of Pay TV. General and administrative expenses increased 91% from the prior year, driven by the incremental operating costs of the acquired Shaw Media services, offset by the realization of cost synergies.

For the year ended August 31, 2016, segment profit increased 55% and segment profit margin was 40%. However, this excludes the amortization of disposed Pay TV program and film rights in the amount of $15.6 million.

For fiscal 2016, certain of Corus' Pay TV assets and liabilities were reclassified as held for disposal effective November 19, 2015 as a consequence of meeting the definition of assets held for sale under IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. The disposal group, Pay TV, did not qualify for discontinued operations presentation and, as a result, its operating results remain in continuing operations. Intangible assets reclassified as held for disposal ceased being amortized effective November 19, 2015 and, as a consequence, amortization of program and film rights in the Television segment for the year ended August 31, 2016 is lower by approximately $15.6 million than it would have been had amortization on these assets not ceased. Adjusting for this, segment profit for the year ended August 31, 2016 would be $388.6 million and adjusted segment profit margin was 38%.

Further discussion is provided in note 27 of the Company's audited consolidated financial statements for the year ended August 31, 2016.

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

	Year ended **August 31**,	
(thousands of Canadian dollars)	**2016**	2015
Revenues	**155,705**	161,545
Expenses	**119,546**	124,538
Segment profit[1]	**36,159**	37,007

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

For the year ended August 31, 2016, revenues decreased 4% compared to the prior year. The majority of the revenue decline came from Western Canada, driven by soft economic conditions in Alberta. This was offset by growth in Ottawa and Vancouver and steady performance in Toronto.

Direct cost of sales, general and administrative expenses decreased 4% for the fiscal year ended August 31, 2016. Variable expenses decreased 10% for the year, driven mainly by lower costs directly related to revenue. Fixed costs, which represent a much higher proportion of the cost structure, decreased 2% for the year. The declines were driven mainly by lower employee-related costs and programming research, offset by higher premises costs.

For the year ended August 31, 2016, segment profit decreased 2% compared to the prior year and segment profit margin was 23%, consistent with the prior year. On April 1, 2016, in conjunction with the Shaw Media acquisition, the Company announced a new organizational structure that benefits from the combined power of the Company's radio operations and its conventional television stations to create a strong presence in local markets – across radio, TV and digital. Accordingly, the fiscal year results reflect the realization of cost synergies derived from these efforts.

Subsequent to the year end, the Summer PPM audience ratings were released. Highlights include: Calgary's Country 105 rebounded from the Spring PPM and regained the number one ranked position in the A25-54 demographic segment; in Edmonton, CISN Country 103.9 continued to gain audience, climbing two ranked positions to number two, in the A25-54 demographic segment; Vancouver's CFOX jumped to the number three ranked position while Rock 101 settled in at number five in the A25-54 demographic segment; Toronto's 102.1 the Edge and Q107 held their positions and maintained the number six and seven ranked position, respectively, in the A25-54 demographic segment.

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

	Year ended **August 31**,	
(thousands of Canadian dollars)	**2016**	2015
Share-based compensation	**4,085**	2,723
Other general and administrative costs	**25,285**	17,226
	29,370	19,949

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.

Higher share-based compensation expense for the year ended August 31, 2016 reflects an expanded number of participants in the long-term incentive plans and an increase in the number of units estimated to hit vesting targets, partially offset by a lower share price in the current year.

For the year ended August 31, 2016, other general and administrative costs increased, primarily due to higher costs related to short-term performance incentive plans in the current year and lower costs related to the Corus Quay facility incurred in the prior year.

QUARTERLY CONSOLIDATED FINANCIAL INFORMATION

SEASONAL FLUCTUATIONS

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, 2016. In Management's opinion, these unaudited interim condensed consolidated financial statements have been prepared on a basis consistent with the audited consolidated financial statements for the year ended August 31, 2015.

[thousands of Canadian dollars, except per share amounts]

	Revenues	Segment profit[1]	Net income (loss) attributable to shareholders	Adjusted net income attributable to shareholders	Earnings per share		
					Basic	Diluted	Adjusted
2016							
4th quarter	**384,467**	**105,371**	**25**	**14,535**	**$ 0.00**	**$ 0.00**	**$ 0.07**
3rd quarter	360,824	130,186	(15,766)	52,950	$ (0.10)	$ (0.10)	$ 0.34
2nd quarter	197,705	79,579	102,232	20,944	$ 1.17	$ 1.17	$ 0.24
1st quarter	228,318	95,878	41,320	42,484	$ 0.47	$ 0.47	$ 0.49
2015							
4th quarter	193,599	55,493	17,835	23,967	$ 0.21	$ 0.21	$ 0.28
3rd quarter	203,121	68,699	(8,109)	31,550	$ (0.09)	$ (0.09)	$ 0.36
2nd quarter	191,484	59,719	(86,786)	28,499	$ (1.01)	$ (1.01)	$ 0.33
1st quarter	227,111	93,276	51,906	51,906	$ 0.60	$ 0.60	$ 0.60

[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 2016 was negatively impacted by business acquisition, integration and restructuring costs of $19.6 million ($0.07 per share).
- Revenues, segment profit and net income attributable to shareholders were positively impacted by the Acquisition and inclusion of its operating results effective April 1, 2016; however, they were negatively impacted by the shutdown of the Pay TV business effective February 29, 2016. Net income attributable to shareholders for the third quarter of fiscal 2016 was also negatively impacted by business acquisition, integration and restructuring costs of $29.3 million ($0.15 per share) and debt refinancing costs of $61.2 million ($0.29 per share).
- Net income attributable to shareholders for the second quarter of fiscal 2016 was positively impacted by a gain of $86.2 million ($0.87 per share) resulting from a gain on disposition of assets relating to the Pay TV business, amortization ceasing on certain programming assets disposed of at the end of the quarter of $14.2 million ($0.12 per share), and negatively impacted by restructuring costs of $6.0 million ($0.06 per share). Segment profit was also positively impacted by the cessation of amortization on the aforementioned Pay TV programming assets by $14.2 million.
- Net income attributable to shareholders for the first quarter of fiscal 2016 was negatively impacted by business acquisition, integration and restructuring costs of $2.4 million ($0.03 per share) and positively impacted by amortization ceasing on certain programming assets reclassified as held for disposal of $1.4 million ($0.01 per share).
- Net income attributable to shareholders for the fourth quarter of fiscal 2015 was negatively impacted by restructuring costs of $8.3 million ($0.07 per share).
- Net income attributable to shareholders for the third quarter of fiscal 2015 was negatively impacted by non-cash impairment charges in program rights and film investments of $51.8 million ($0.44 per share) and restructuring costs of $2.7 million ($0.02 per share).
- Net income attributable to shareholders for the second quarter of fiscal 2015 was negatively impacted by non-cash radio broadcast license and goodwill impairment charges of $130.0 million ($1.44 per share), restructuring costs of $8.0 million ($0.07 per share) and positively impacted by a gain of $17.0 million ($0.17 per share) resulting from a gain on disposition of investment.

FINANCIAL POSITION

The major change in the Company's consolidated results arises from the consolidation of 100% interest in Shaw Media commencing April 1, 2016 as a consequence of completing the Acquisition. As a result, its assets and liabilities have been fully consolidated as a business combination in accordance with IFRS 3 – *Business Combinations*, as of that date. Final valuations of certain items are not yet complete due to the inherent complexity associated with valuations. Therefore, the purchase price allocation is preliminary and subject to adjustment on completion of the valuation process and analysis of resulting income tax effects (refer to note 27 of the Company's audited consolidated financial statements for the year ended August 31, 2016 for further discussion).

On February 29, 2016, the Company ceased operation of its Pay TV business. Accordingly, certain assets and liabilities that were reclassified on November 19, 2015 as held for sale as a consequence of meeting the definition of assets held for sale under IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations* were written down (refer to note 27 of the Company's audited consolidated financial statements for the period ended August 31, 2016 for further discussion).

Total assets at August 31, 2016 and August 31, 2015 were $6.1 billion and $2.6 billion, respectively. The following discussion describes the significant changes in the consolidated statements of financial position since August 31, 2015.

Current assets at August 31, 2016 were $470.1 million, up $ 241.7 million from August 31, 2015.

Cash and cash equivalents increased by $33.9 million. Refer to the discussion of cash flows in the next section.

Accounts receivable increased $215.3 million during the year, of which $243.5 million relates to the Acquisition, offset by higher cash collections during fiscal 2016. The accounts receivable balance is subject to seasonal trends. Typically, the balance is higher in the first and third quarters and lower in the second and fourth quarters as a result of the broadcast revenue seasonality. The Company carefully monitors the aging of its accounts receivable.

Tax credits receivable decreased $6.1 million during the year as a result of tax credit receipts exceeding accruals related to film and interactive productions.

Investments and other assets increased $3.8 million during the year, primarily as a result of additional investments in Venture funds and associates offset by equity loss from associates.

Property, plant and equipment increased $143.0 million during the year, of which $160.9 million relates to the Acquisition, offset during the year by depreciation expense exceeding additions for fiscal 2016.

Program and film rights increased $366.4 million during the year, of which $287.6 million relates to the Acquisition. As well, additions of acquired rights of $460.7 million were offset by disposal of certain Pay TV assets of $68.7 million and amortization of $313.3 million during fiscal 2016.

Film investments increased $8.6 million during the year, as film spending (net of tax credit accruals and impairment recoveries) of $31.3 million were offset by film amortization of $22.7 million.

Intangibles increased $1,101.6 million during the year, of which $1,065.8 million relates to the Acquisition. As well, additions of trade marks and exclusive rights associated with new licensing agreements that commenced in fiscal 2016 were offset by amortization of finite life intangibles and disposal of certain Pay TV intangible assets and associated broadcast license of $53.1 million related to the cessation of the Pay TV business. Further discussion is contained in note 27 of the Company's audited consolidated financial statements for the period ended August 31, 2016.

Goodwill increased by $1,562.8 million from August 31, 2015, primarily as a result of the Acquisition, offset by decreases related to the cessation of the Pay TV business. Further discussion is contained in note 27 of the Company's audited consolidated financial statements for the year ended August 31, 2016.

Accounts payable and accrued liabilities increased $182.4 million during the year, as the Acquisition added $216.0 million, offset by the disposal of $43.6 million of liabilities associated with the cessation of operations of the Pay TV business. The remaining increase is primarily a result of higher program rights payable offset by lower film investment accruals and capital lease obligations. Further discussion is provided in note 27 to the Company's audited consolidated financial statements for the period ended August 31, 2016.

Provisions have increased $12.5 million during the year, of which $0.7 million relates to the Acquisition, as well as accruals exceeding payments made during the year.

Long-term debt, including current portion, at August 31, 2016 was $2,196.0 million compared to $801.0 million at August 31, 2015. On February 3, 2016, the $150.0 million Term Facility (categorized as the current portion of long-term debt at August 31, 2015) matured and was repaid in full. On April 1, 2016, in connection with the Acquisition, the Company drew the full amount of its new Term Facility of $2.3 billion and repaid all amounts then outstanding against its Revolving Facility. In relation to the bank financing, the Company incurred deferred financing fees of $23.6 million. On April 18, 2016, the Company redeemed its $550.0 million, 4.25% senior unsecured guaranteed notes (the "Notes") and wrote off previously deferred financing fees of $5.6 million. As of August 31, 2016, the $115.0 million classified as the current portion of long-term debt reflects the mandatory repayment on the debt in the next twelve months. During the year, amortization of deferred financing charges of $4.0 million was recorded.

Further discussion of the Company's debt instruments is contained below in the Liquidity and Capital Resources section as well as in note 14 of the Company's audited consolidated financial statements for the period ended August 31, 2016.

Other long-term liabilities increased by $400.8 million during the year, of which $164.1 million relates to the Acquisition. In addition, there were increases in long-term program rights payable, intangible liabilities associated with new licensing agreements that commenced in fiscal 2016, fair value of interest rate swap agreements, and asset retirement obligations. This was partially offset by the disposal of certain other long-term liabilities related to the cessation of operation of the Pay TV business.

Share capital increased $1,174.0 million, as a result of the issuance of $60.7 million of shares from treasury under the Company's dividend reinvestment plan, and from the issuance of 71,364,853 Class B Non-Voting Shares to Shaw as part of the purchase consideration for the Acquisition and, in connection with the acquisition, the issuance of 32,770,000 Class B Non-Voting Shares as a result of a public Equity Offering and Concurrent Private Placement completed April 1, 2016. Further discussion is contained below in the Liquidity and Capital Resources section as well as in notes 16 and 27 of the Company's audited consolidated financial statements for the period ended August 31, 2016.

Contributed surplus increased $1.0 million due to share-based compensation expense.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

Overall, the Company's cash and cash equivalents position increased by $33.9 million over the prior year end. Free cash flow for the year ended August 31, 2016 was $188.2 million, compared to free cash flow of $201.2 million in the prior year. In the prior year, free cash flow benefited from the disposition of an investment for proceeds of $18.5 million. A reconciliation of free cash flow to the consolidated statements of cash flows is provided in the Key Performance Indicators section.

Cash provided by operating activities in the year ended August 31, 2016 was $200.2 million, compared to $204.5 million last year. The increase of $4.3 million arises from higher net income from operations (adjusted for non-cash items) of $107.6 million, higher cash provided by working capital of $24.9 million, lower film investment additions of $5.3 million, offset by higher payments on program rights of $142.1 million.

Cash used by investing activities in the year ended August 31, 2016 was $1,658.4 million, compared to $23.0 million in the prior year. The current year includes cash consideration from Bell, net of certain fees, of $209.5 million relating to the shutdown of the Pay TV business and from a venture fund distribution of $1.7 million, offset by the cash portion of the consideration paid for the Shaw Media acquisition of $1,824.9 million net of acquired cash, net cash outflows for intangibles, investments and other assets of $19.6 million, and additions to property, plant and equipment of $22.6 million. The prior year includes cash proceeds from a venture investment of $18.5 million, offset by net cash outflows for intangibles, investments and other assets of $24.8 million and additions to property, plant and equipment of $16.7 million.

Cash provided by financing activities in the year ended August 31, 2016 was $1,492.1 million, compared to cash used of $155.6 million in the prior year. In the current year, the Company increased bank debt by $1,959.2 million, raised $276.5 million from the issuance of subscription receipts, redeemed Notes for $605.7 million (inclusive of the redemption premium), paid dividends of $109.5 million, incurred financing fees of $23.6 million, and made capital lease payments of $4.8 million. In the prior year, the Company paid down bank debt by $74.7 million, paid dividends of $81.8 million, made capital lease payments of $4.0 million and received $5.7 million from issuance of shares under the stock option plan.

LIQUIDITY

The Company's capital management objectives are to maintain financial flexibility in order to pursue its strategy of organic growth combined with strategic acquisitions and to provide returns to its shareholders. The Company defines capital as the aggregate of its shareholders' equity and total bank 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 bank 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) of 3.0 to 3.5 times, and to maintain a dividend yield in excess of 2.5%. In the short term, the Company may permit the long-term 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. The Company is currently operating above these internally imposed objectives as a result of the Acquisition and is committed to bringing the leverage target back within the target range by the end of fiscal 2018.

As at August 31, 2016, the Company had available approximately $300.0 million under its revolving facility and was in compliance with all loan covenants. As at August 31, 2016, the Company had a cash balance of $71.4 million.

For further details on the credit facilities established on April 1, 2016 refer to the credit facilities section below and note 14 of the Company's audited consolidated financial statements for the year ended August 31, 2016.

With the changes to the credit facilities on April 1, 2016, 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 twelve months.

NET DEBT TO SEGMENT PROFIT

As at August 31, 2016, net debt was $2,124.7 million, up from $763.6 million at August 31, 2015. Net debt to segment profit at August 31, 2016 was 3.7 times on a proforma basis, after adjusting segment profit to include the Acquisition and exclude Pay TV for the prior twelve months. This compares to 2.8 times at August 31, 2015. Further discussion on this is contained in the Key Performance Indicators section.

TOTAL CAPITALIZATION

At August 31, 2016, total capitalization was $4,601.0 million, an increase of $2,617.5 million from August 31, 2015. The increase is attributable to increased debt and shares to finance the Acquisition.

On April 1, 2016, the Company acquired the shares of Shaw Media from Shaw for approximately $2.65 billion, subject to certain post-closing adjustments, satisfied by the Company through a combination of: a) $1.85 billion of cash consideration; and b) the issuance by the Company to Shaw of 71,364,853 Class B Non-Voting Shares (the "Class B Shares") at an agreed value per share of $11.21 per share, for an aggregate value of $800.0 million. These shares, were valued for accounting purposes at $11.68 per share, the opening price of the Company's stock on April 1, 2016.

The cash consideration for the Acquisition as well as the re-financing of existing indebtedness of the Company and the redemption of the 4.25% senior unsecured guaranteed notes due February 11, 2020 (the "Notes"), of which $550.0 million principal (plus accrued and unpaid interest) was outstanding, was financed through a combination of the debt from the Term Facility (as defined above) and equity from the net proceeds of the Equity Offering (as defined below) and the Concurrent Private Placement (as defined below).

CLASS B SHARE SUBSCRIPTION RECEIPTS

In connection with the Acquisition, on February 3, 2016, Corus completed a public equity offering (the "Equity Offering") of 25,400,000 subscription receipts of Corus (the "Subscription Receipts") at a price of $9.00 per Subscription Receipt, for gross proceeds of approximately $228.6 million. On February 5, 2016, the underwriters in the Equity Offering exercised their option to purchase an additional 3,810,000 Subscription Receipts at a price of $9.00 per Subscription Receipt, for additional gross proceeds of approximately $34.3 million, representing total gross proceeds from the Equity Offering of $262.9 million. Concurrently with the closing of the Equity Offering, on February 3, 2016, the Shaw family also purchased 3,560,000 Subscription Receipts on a private placement basis (the "Concurrent Private Placement") from Corus at a price of $9.00 per Subscription Receipt, for gross proceeds of $32.0 million. Issuance costs, net of income taxes, of $8.9 million and a subscription receipt adjustment payment of $6.2 million were incurred, resulting in net proceeds of $279.8 million.

The Class B Shares underlying the Subscription Receipts were issued on April 1, 2016 in connection with the completion of the Acquisition and the net proceeds from the Equity Offering and the Concurrent Private Placement (including accrued interest thereon) were applied by Corus to partially fund the cash consideration for the Acquisition.

CREDIT FACILITIES

In connection with the closing of 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 drawn at closing, and a $300.0 million revolving facility (the "Revolving Facility") which was not drawn on as part of closing. The Term Facility and Revolving Facility replace Corus' previous credit facilities and were established pursuant to a fourth Amended and Restated Credit Agreement dated as of April 1, 2016.

At the time it agreed to enter into the Acquisition, Corus obtained commitments from a Canadian chartered bank for: (i) an aggregate of $2.3 billion in new credit facilities; and (ii) a $300.0 million non-revolving, non-amortizing unsecured term facility (the "Debt Bridge Facility") which Corus intended to replace or repay with a proposed offering of senior unsecured notes. Prior to the closing of the Acquisition, Corus determined not to proceed with the offering of senior unsecured notes, and accordingly increased the size of the Term Facility by $300.0 million and cancelled the Debt Bridge Facility.

TERM FACILITY

The Term Facility consists of two tranches, with the first tranche being in the initial amount of $766.7 million and maturing on April 1, 2019, and the second tranche being in the initial amount of $1,533.3 million and maturing on April 1, 2021. The Term Facility was available in a single Canadian dollar drawdown, and net proceeds from the Term Facility, after deducting related fees and expenses, were used (together with the net proceeds from the Equity Offering and the Concurrent Private Placement) to finance the Acquisition, to prepay the amount outstanding under its existing credit facilities and to redeem the Senior Notes.

Advances under the Term Facility may be outstanding in the form of either prime loans or bankers' acceptance 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, increasing to 1.875% per quarter commencing with the November 30, 2017 instalment and, in the case of the second tranche, to 2.5% per quarter commencing with the November 30, 2019 instalment.

REVOLVING FACILITY

The $300.0 million Revolving Facility matures on April 1, 2020. 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.

The full text of the Amended Credit Agreement governing the Term Facility and the Revolving Facility is filed on SEDAR at www.sedar.com.

REDEMPTION OF 4.25% SENIOR UNSECURED GUARANTEED NOTES DUE 2020

On April 18, 2016, the Company redeemed all of its outstanding $550.0 million 4.25% senior unsecured guaranteed notes due 2020 (the "2020 Notes"). The redemption included accrued and unpaid interest on the 2020 Notes up to, but excluding the redemption date and a redemption premium totaling $52.6 million. In addition, the Company wrote-off associated unamortized financing charges of $4.8 million.

OFF-BALANCE SHEET ARRANGEMENTS AND DERIVATIVE FINANCIAL INSTRUMENTS

During the third quarter of fiscal 2016, the Company entered into Canadian interest rate 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 at August 31, 2016 is $14.4 million, which has been recorded in the consolidated statements of financial position as a liability.

In the second quarter of fiscal 2016, the Company's term loan facility of $150.0 million was repaid, and the Canadian interest rate swap agreement that fixed the interest rate on this facility was concluded.

CONTRACTUAL COMMITMENTS

The Company has the following undiscounted contractual obligations at August 31, 2016:

(thousands of Canadian dollars)	**Total**	**Within 1 year**	**2 - 3 years**	**4 - 5 years**	**More than 5 years**
Total debt[1]	2,218,054	115,000	931,021	1,172,033	—
Purchase obligations[2]	1,071,060	548,811	330,654	131,813	59,782
Operating leases[3]	467,924	39,755	65,765	56,411	305,993
Other obligations[4]	254,506	77,713	84,646	64,809	27,338
Financing leases	2,406	1,586	820	—	—
Total contractual obligations	**4,013,950**	**782,865**	**1,412,906**	**1,425,066**	**393,113**

[1] Principal repayments and interest payments

[2] Purchase obligations are contractual obligations under contracts relating to program rights, satellite and signal transport costs, and various other operating expenditures, that the Company has committed to for periods ranging from one to ten years.

[3] Operating leases included office, equipment and automobile leases.

[4] Other obligations included financial liabilities, trade marks, other intangibles and CRTC commitments.

In addition to the contractual obligations in the table above, the Company will pay interest on any bank debt outstanding in future periods. In fiscal 2016, the Company incurred interest on bank debt of $47.1 million (2015 – $10.8 million).

KEY PERFORMANCE INDICATORS

The Company measures the success of its strategies using a number of key performance indicators. These have been outlined below, including a discussion as to their relevance, definitions, calculation methods and underlying assumptions. In addition to disclosing results in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"), the Company also provides supplementary non-IFRS measures as a method of evaluating the Company's performance. 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. These non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers.

REVENUE

Revenue is a measurement defined by IFRS. Revenue is the gross inflow of economic benefits arising in the course of the ordinary activities of an entity that results in increases in equity, such as cash, receivables or other consideration arising from the sale of products and services and is net of items such as trade or volume discounts and certain excise and sales taxes. It is one of the bases upon which free cash flow, a key performance indicator defined below, is determined; therefore, it measures the potential to deliver free cash flow as well as indicating the level of growth in a competitive marketplace.

The primary sources of revenues for the Company are outlined in the *Overview* section.

The Company's sources of revenue are well diversified, with revenue streams for the year ended August 31, 2016 derived primarily from three areas: advertising 56%, subscriber 35% and merchandising, distribution and other 9% (2015 – 48%, 42% and 10%, respectively).

DIRECT COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES

Direct cost of sales, general and administrative expenses include amortization of program and film rights (costs of programming intended for broadcast, from which advertising and subscriber revenues are derived); amortization of film investments (costs associated with internally produced and acquired television and film programming, from which distribution and licensing revenues are derived); other cost of sales relating to merchandising, studio service

work, publishing, marketing (research and advertising costs); employee remuneration; regulatory license fees; and selling, general administration and overhead costs. For the year ended August 31, 2016, consolidated direct cost of sales, general and administrative expenses were comprised of direct cost of sales 47%, employee remuneration 31%, and general and administrative expenses 22% (2015 – 49%, 26%, and 25%, respectively).

SEGMENT PROFIT AND SEGMENT PROFIT MARGIN

Segment profit is calculated as revenues less direct cost of sales, general and administrative expenses as reported in the Company's Consolidated Statements of Income and Comprehensive Income. Segment profit may be calculated and presented for an individual operating segment, a line of business, or for the consolidated Company. The Company believes this is an important measure as it allows the Company to evaluate the operating performance of its business segments or lines of business and its ability to service and/or incur debt; therefore, it is calculated before (i) non-cash expenses such as depreciation and amortization; (ii) interest expense; and (iii) items not indicative of the Company's core operating results, and not used in management's evaluation of the business segment's performance, such as: goodwill and broadcast license impairment; significant intangible asset impairment; debt refinancing; non-cash gains or losses; business acquisition, integration and restructuring costs; and certain other income and expenses as included in note 20 to the audited consolidated financial statements. Segment profit is also one of the measures used by the investing community to value the Company and is included in note 22 to the audited consolidated financial statements. Segment profit margin is calculated by dividing segment profit by revenues. Segment profit and segment profit margin do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other companies. Segment profit and segment profit margin should not be considered in isolation or as a substitute for net income prepared in accordance with IFRS as issued by the IASB.

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:

ADJUSTED SEGMENT PROFIT AND ADJUSTED SEGMENT PROFIT MARGIN

Adjusted segment profit is calculated as segment profit less amortization of Pay TV programming assets as if they had not been reclassified as held for sale as at November 19, 2015. Adjusted segment profit margin is calculated by dividing adjusted segment profit by revenues. Segment profit and segment profit margin do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other companies. Segment profit and segment profit margin should not be considered in isolation or as a substitute for net income prepared in accordance with IFRS as issued by the IASB.

(thousands of Canadian dollars, except percentages)	**2016**	2015
Revenues	**1,171,314**	815,315
Direct cost of sales, general and administrative expenses	**760,300**	538,128
Segment profit	**411,014**	277,187
Amortization not taken on Pay TV assets disposed of	**(15,585)**	—
Adjusted segment profit	**395,429**	277,187
Segment profit margin	**35%**	34%
Adjusted segment profit margin	**34%**	34%

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").

(thousands of Canadian dollars)	2016	2015
Cash provided by (used in):		
Operating activities	**200,227**	204,458
Investing activities	**(1,658,427)**	(23,010)
	(1,458,200)	181,448
Add back: cash used for business combinations and strategic investments [1]	**1,855,839**	19,765
Deduct: net proceeds from disposition	**(209,474)**	—
Free cash flow	**188,165**	201,213

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

Free cash flow in the current year reflects the inclusion of Shaw Media business and operating results effective April 1, 2016. In the prior year, free cash flow benefited from the proceeds associated with the disposition of a venture investment of $18.5 million.

ADJUSTED NET INCOME AND ADJUSTED BASIC EARNINGS PER SHARE

In addition to disclosing results in accordance with IFRS as issued by the IASB, the Company also provides supplementary non-IFRS measures as a method of evaluating the Company's performance. Management uses adjusted net income and adjusted basic earnings per share as a measure of enterprise-wide performance. Adjusted net income and adjusted basic earnings 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.

(thousands of Canadian dollars)	2016	2015
Net income (loss) attributable to shareholders	**125,931**	(25,154)
Adjustments, net of income taxes:		
Gain on disposal of Pay TV assets	**(76,631)**	—
Amortization of certain Pay TV assets	**(11,455)**	—
Business acquisition, integration and restructuring costs	**46,171**	13,753
Debt refinancing costs	**45,017**	—
Gain from disposition of investment	**—**	(14,716)
Intangible asset impairment charge	**—**	38,055
Broadcast license and goodwill impairment charges	**—**	123,984
Adjusted net income attributable to shareholders	**129,033**	135,922

(per share amounts)	2016	2015
Basic earnings (losses) per share	**$0.96**	$ (0.29)
Adjustments, net of income taxes:		
Gain on disposal of Pay TV assets	**(0.58)**	—
Amortization of certain Pay TV assets	**(0.09)**	—
Business acquisition, integration and restructuring costs	**0.35**	0.15
Debt refinancing costs	**0.34**	—
Gain from disposition of investment	**—**	(0.17)
Intangible asset impairment charge	**—**	0.44
Broadcast license and goodwill impairment charges	**—**	1.44
Adjusted basic earnings per share	**$0.98**	$1.57

NET DEBT

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

(thousands of Canadian dollars)	as at August 31, 2016	2015
Total bank debt and notes	**2,196,020**	801,002
Cash and cash equivalents	**(71,363)**	(37,422)
Net debt	**2,124,657**	763,580

NET DEBT TO SEGMENT PROFIT

Net debt to segment profit is calculated as net debt divided by segment profit. It is one of the key metrics used by the investing community to measure the Company's ability to repay debt through ongoing operations. Net debt to segment profit does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other companies.

(thousands of Canadian dollars)	As at August 31, 2016	2015
Net debt (numerator)	**2,124,657**	763,580
Segment profit (denominator)[1]	**411,014**	277,187
Net debt to segment profit	**5.2**	2.8

[1] Reflects aggregate amounts for the most recent four quarters, as detailed in the table in the "Quarterly Consolidated Financial Information" section and only includes the segment profit from the Shaw Media business from the date of acquisition, five months rather than a full twelve months.

As at August 31, 2016, net debt was $2,124.7 million, up from $763.6 million at August 31, 2015. Net debt to segment profit at August 31, 2016 was 5.2 times compared to 2.8 times at August 31, 2015. Segment profit for the net debt to segment profit calculation reflects aggregate amounts as reported by the Company for the most recent four quarters; however, does not include segment profit from the Shaw Media business prior to April 1, 2016. The increase in net debt and net debt to segment profit reflects increased debt to finance the Shaw Media business but does not include a full twelve months of segment profit of the Shaw Media business. Adjusting segment profit to include the Acquisition and exclude Pay TV for the last twelve months, would result in net debt to segment profit of 3.7 times.

ENTERPRISE RISK MANAGEMENT

Corus' enterprise risks are largely derived from the Company's business environment and are fundamentally linked to Corus' strategies and business objectives. Corus strives to proactively mitigate its risk exposures through rigorous performance planning, and effective and efficient business operational management. Residual exposure for certain risks is mitigated through appropriate insurance coverage where this is judged to be efficient and commercially available.

Corus strives to avoid taking on undue risk exposures whenever possible and ensures any potential risks are aligned with business strategies, objectives, values and risk tolerance.

RISK GOVERNANCE

The Board of Directors is responsible for overseeing management with respect to the management of the principal risks of the Company and ensuring that there are systems in place to effectively monitor and manage these risks. This includes oversight of the implementation of enterprise risk management procedures and the development of entity level controls. The Board carries out its risk management mandate primarily through the support of Board Committees and senior management as follows:

- The Audit Committee, which is responsible for overseeing the Company's policies and processes designed to mitigate and manage applicable regulatory compliance risk, including the adequacy of internal control over financial reporting;
- The Human Resources and Compensation Committee, which is responsible for the Company's policies and processes designed to mitigate and manage risks associated with the Company's compensation plans;
- The Corporate Governance Committee, which is responsible for maintaining and monitoring the Company's governance processes, including its Code of Conduct;

- The Executive Leadership Team, which is responsible for the establishment of enterprise risk management processes (which is carried out by the Company's Risk Management Committee).

In addition, entity level controls, including the Company's Code of Conduct (which is required to be reviewed and signed to confirm compliance annually by directors and officers of the Company), financial controls and other governance processes are in place and monitored regularly by the Company's Risk and Compliance group (which functions independently from management) who report to the Audit Committee on a quarterly basis.

RISK MANAGEMENT

The Company has established an Enterprise Risk Management Framework ("ERM") which includes identifying, assessing, managing and monitoring the significant risks that impact the Company.

A strategic risk assessment is conducted as part of the Company's strategic planning process to identify and assess the key business risks facing Corus and their potential impact on the achievement of the Company's strategic plans. Emerging risks are included in the assessment and risks are prioritized using standard risk assessment criteria.

The Risk Management Committee ("RMC"), which reports to the Executive Leadership Team, is mandated to maintain the Company's ERM for identifying, assessing, managing, monitoring and reporting the significant risks that impact the Company. The RMC is comprised of various senior managers from across the organization, with all key operating segments and functions represented. The Committee meets on a quarterly basis to review financial, hazard, operational and strategic risks to the Company. The likelihood and impact of these risks are ranked on a high, medium and low basis. These risks are reviewed by the Company's Disclosure Committee, the Chief Financial Officer and the Chief Executive Officer, and finally, with the Board as part of the quarterly risk review process.

RISKS AND UNCERTAINTIES

This section describes the principal risks and uncertainties that could have a material adverse effect on the business and financial results of the Company and its subsidiaries.

A. IMPACT OF REGULATION ON CORUS' RESULTS OF OPERATIONS

Corus' Radio and Television business activities are regulated by the Canadian Radio-television and Telecommunications Commission ("CRTC" or the "Commission") under the *Broadcasting Act* and, accordingly, Corus' results of operations may be adversely affected by changes in regulations, policies and decisions by the CRTC. The CRTC, among other things, issues licenses to operate radio and television stations. Corus' radio stations must also meet technical operating requirements under the *Radiocommunications Act* and regulations promulgated under the *Broadcasting Act*.

The CRTC imposes a range of obligations upon licensees such as scheduling requirements for Canadian Content, Canadian Content spending levels, limits on content genres on certain networks, access obligations (i.e. closed captioning or descriptive video) and other obligations. Changes resulting from the CRTC's interpretations of existing policies and regulations could be materially adverse to Corus' business and financial results.

Canadian Content programming is also subject to certification by various agencies of the federal government. If programming fails to so qualify, Corus would not be able to use the programs to meet its Canadian Content programming obligations and Corus might not qualify for certain Canadian tax credits and industry incentives.

In addition, to maintain eligibility under the *Broadcasting Act* and the *Radiocommunications Act*, there are limitations on the ownership by non-Canadians of Corus' Class A Voting Shares. Under certain circumstances, Corus' Board of Directors may refuse to issue or register the transfer of Corus' Class A Voting Shares to any person that is a non-Canadian or may sell the Corus Class A Voting Shares of a non-Canadian as if they were the owner of such Corus Class A Voting Shares.

Corus' radio, conventional television and specialty television undertakings rely upon licenses under the *Copyright Act* (Canada) in order to make use of the music component of the programming and other uses of works used or distributed by these undertakings. Under these licenses, Corus is required to pay a range of tariff royalties established by the Copyright Board pursuant to the requirements of the *Copyright Act* to collectives (which represent the copyright owners) and individual copyright owners. These royalties are paid by these undertakings in the normal course of their business.

The levels of the tariff royalties payable by Corus are subject to change upon application by the collecting societies and approval by the Copyright Board. The Government of Canada may, from time to time, make amendments to the

Copyright Act to implement Canada's international treaty obligations and for other purposes. Any such amendments could result in Corus' broadcasting undertakings being required to pay additional royalties for these licenses.

Refer also to the *Canadian Communications Industry – Regulatory Environment* section of the Company's Annual Information Form for further information.

CRTC POLICY REVIEW: LET'S TALK TV

In October 2014, the CRTC completed the public element of a broad television policy review which it called "Let's Talk TV". The Commission's stated key issues were as follows:

- Maximizing choice and flexibility (pick and pay);
- Relationships between broadcasting distribution undertakings and programmers;
- Ways to foster local programming, including a regulatory model for conventional television; and
- Ways to foster compelling Canadian programming, including program production, promotion, exhibition and Canadian programming expenditures.

The detailed policy matters touched on many areas beyond these points.

A series of CRTC policy statements and substantive decisions under the overall mantle known as "Let's Talk TV" have introduced several changes to the regulatory framework governing Broadcasting Distribution Undertakings ("BDUs") and Broadcasting Undertakings. Some of these could affect the Company.

What follows is a précis of pending and proposed changes that could affect the Company.

On January 29, 2015, the CRTC asked the industry to examine the process of simultaneous substitution of US network stations by Canadian stations carrying the same program at the same time. The Commission also proposed a prohibition on simultaneous substitution of the NFL Super Bowl starting in 2017. This ban has been subject to a legal challenge by the Canadian rights holder network CTV which supplies three of the Company's local conventional stations with programming as of August 30, 2015, and the matter is currently pending a decision by the Federal Court.

On March 12, 2015, the CRTC eliminated genre protection, which allows the Company to adapt the nature of service for its television services according to market conditions. The Commission also established on this date an open entry licensing system, with Canadian ownership status and carriage in more than 200,000 subscriber homes being effectively the only conditions required to be licensed as a Broadcasting Undertaking. The Commission also proposed an open entry system for video on demand services that meet certain criteria.

In March, 2015, the CRTC issued revised carriage rules for BDUs by amending its distribution regulations, which created an obligation starting March 1, 2016 for BDUs to offer an entry level basic service of local broadcast stations and certain mandatory distribution specialty services at a maximum price of C$25 retail a month.

The Commission also grouped all services into three license categories: basic; discretionary; and on-demand services.

Starting March 1, 2016, BDUs were required to offer all discretionary services on an à la carte basis, or "build your own package" or in theme pack packages of 10 services.

On December 1, 2016, BDUs will be required to expand consumer choice to pure à la carte.

However, the BDU can offer, and a consumer can maintain, their status quo packages. The Commission also finalized its code in January 2016, which circumscribes wholesale pricing and negotiations related thereto.

The Commission also proposed changes to the level of linear Canadian Content requirements to commence in 2017. This would reduce the Canadian Content obligations of the Company's services.

On January 7, 2016, the Commission published the new Television Service Provider Code of Conduct. This code mandates clear language on customer agreements, transparency in charges, promotion of new packaging rules, service call scheduling and rebates for service outages.

On June 15, 2016, the CRTC issued its new policy for local and community television. The CRTC created new obligations for exhibition and expenditures for "locally reflective content". It also created new funding mechanisms that allows vertically integrated companies to redirect community television expenditures to local television stations.

On June 15, 2016, the Commission announced that the Group Based Licensing hearings for all large English- and French-language ownership groups will be held in November 2016. The main issues of the hearing are the Canadian Programming Expenditure requirements and expenditure obligations toward programming of public national

interest. The Company will also be seeking to remove all the vestiges of legacy conditions of license given the open licensing environment created by the CRTC.

The potential outcome of this process is difficult to predict and as such, Corus is unable to quantify the potential impacts at the present time. These could be materially adverse to the Company's financial results.

More information can be found at www.crtc.gc.ca

DIGITAL TRANSITION AND REPURPOSING OF SPECTRUM

In July 2009, the CRTC identified the major markets where it expected conventional television broadcasters to convert their full-power OTA analog transmitters to digital transmitters by August 31, 2011. The conversion from analog to digital liberated spectrum for government auction to mobile providers. Shaw Media completed the digital transition in all mandatory markets with a view to completion in 2016, a condition of the CRTC's approval of the Canwest Global acquisition. On December 18, 2014, Industry Canada (now known as Innovation, Science and Economic Development Canada) launched a consultation to consider repurposing some of the 600 MHz spectrum band currently used by the Company's conventional television stations and other broadcasters for OTA transmission. At the same time, Industry Canada introduced a moratorium on applications to modify existing television broadcasting certificates and on any new licensing in the spectrum band pending the consultations and related processes. The Company has, accordingly, requested from the CRTC an extension of the time line to complete the full slate of analog to digital conversions.

On August 14, 2015, Industry Canada confirmed its intent to proceed with repurposing some of the 600 MHz spectrum band for commercial mobile use and to jointly establish a new allotment plan in collaboration with the United States. Accommodating this change will require the Company to install new equipment or reconfigure existing equipment at affected sites and may have an impact on signal quality and coverage. Industry Canada (now known as Innovation, Science and Economic Development Canada) has not yet decided whether broadcasters will be reimbursed for their costs of facilitating this transition, stating that this decision is the first step in a multi-year repurposing process and that consideration of compensation to broadcasters was not a part of this phase.

B. COMPETITION

Corus encounters aggressive competition in all areas of its business. Corus' failure to compete in these areas could materially adversely affect Corus' results of operations.

The television production industry, television and radio broadcasting services have always involved a substantial degree of risk. There can be no assurance of the economic success of radio stations, music formats, talent, television programs or networks because the revenues derived depend upon audience acceptance of these or other competing programs released into, or networks existing in, the marketplace at or near the same time, the availability of alternative forms of entertainment and leisure time activities, general economic conditions, public tastes generally and other intangible factors, all of which could rapidly change, and many of which are beyond Corus' control. The lack of audience acceptance for Corus' radio stations, television programs, specialty television networks and conventional television stations would have an adverse impact on Corus' businesses, results of operations, prospects and financial condition.

RADIO

The financial success of each of Corus' radio stations is dependent principally upon its share of the overall advertising revenues within its geographic market, its promotional and other expenses incurred to obtain the revenues and the economic strength of its geographic market. Radio advertising revenues are highly dependent upon audience share. Audience share is derived from interest in on-air talent, music formats, and other intangible factors. This can be influenced by the competition. Other stations may change programming formats to compete directly with Corus' stations for listeners and advertisers or launch aggressive promotional campaigns in support of already existing competitive formats. If a competitor, particularly one with substantial financial resources, were to attempt to compete in either of these fashions, ratings at Corus' affected stations could be negatively impacted, resulting in lower net revenues.

Radio broadcasting is also subject to competition from other broadcast, digital and print media. Potential advertisers can substitute advertising through the broadcast television system (which can offer concurrent exposure on a number of networks to enlarge the potential audience), daily, weekly and free-distribution newspapers, outdoor billboard advertising, magazines, other print media, direct mail marketing, the Internet and mobile advertising. Competing media commonly target the customers of their competitors, and advertisers regularly shift dollars

from radio to these competing media and vice versa. In markets near the U.S. border, such as Kingston, Corus also competes with U.S. radio stations. Accordingly, there can be no assurance that any of Corus' radio stations will be able to maintain or increase their current audience share and advertising revenue share.

TELEVISION – BROADCAST BUSINESS

The financial success of Corus' specialty television business depends on obtaining revenues from advertising and subscribers, while Corus' conventional television business depends on obtaining revenues from advertising. As well, these services are dependent on the effective management of programming costs.

i) Advertising and subscriber revenues

Numerous broadcast and specialty television networks compete with Corus for advertising revenues. The CRTC continues to grant new specialty television licenses which further increases competition. Corus' services also compete with a number of foreign programming services which have been authorized for distribution in Canada by the CRTC, such as A&E and CNN. Moreover, increasingly, Corus' specialty and conventional television services are competing with alternative forms of entertainment that are not regulated by the CRTC (see *Technological Developments*). This competition takes the form of competition for the supply of programming and also for audiences. This can affect both the costs and revenues of a network. In addition, competition among specialty television services in Canada is highly dependent upon the offering of prices, marketing and advertising support, and other incentives to cable operators and other distributors for carriage so as to favourably position and package the services to subscribers to achieve high distribution levels. Any failure by Corus' specialty and conventional television services to compete effectively could materially adversely affect Corus' results of operations.

ii) Programming expenditures

Programming costs are one of the most significant expenses in the Television segment. Although the Company has processes to effectively manage these costs, increased competition in the television broadcasting industry due to factors mentioned above, changes in viewer preferences and other developments could impact the availability of programming content and adversely impact Corus' results of operations.

iii) News

Global News' primary directive is to report accurate, balanced, timely and comprehensive news and information in the public interest. Independence is a fundamental Global News value and, accordingly, Global News will resist attempts at censorship or pressure to alter news content, real or apparent. Integrity, fairness and transparency are at the foundation of the Company's newsgathering process, and Global News is committed to reporting news without distortion or misrepresentation.

In support of this directive, the Company has promulgated and has in effect a comprehensive set of Journalistic Principles and Practices setting out guidelines and standards for all news staff in their dealings with frequently asked editorial, ethical and legal, and professional conduct questions. These Journalistic Principles and Practices adhere closely to, amongst other things, the Radio Television Digital News Association Canada's Code of Ethics and Professional Standards, the Canadian Association of Broadcasters' Code of Ethics and the Canadian Association of Journalists Ethics Guidelines.

Due to the unique nature of news-gathering and news-reporting, a number of risks may arise in the ordinary course of Global News investigation and reporting on the activities of individuals, corporations and governments. These include legal and ethical risks such as claims in respect of defamation, invasion of privacy, misrepresentation, and infringement of other rights (for example, Intellectual Property Rights and Piracy). A significant part of news-gathering and reporting arises in the context of court proceedings. Certain mandatory publication bans apply to criminal proceedings and, in addition, a court may impose a discretionary publication ban or sealing order in respect of the proceedings or materials used or related to investigations leading to a criminal charge. Where Global News has not otherwise successfully overturned or reduced the scope of a publication ban or sealing order through proper legal process, its policy is to fully comply with court-ordered publication bans and sealing orders. However, because there is no formalized publication ban notice system in place in most provinces, and because publication bans can often be subject to different interpretations, there is no assurance that Global News will not inadvertently breach a publication ban or sealing order, and, if that happens, there is a risk that Global News may be held to be in contempt of court. Similarly, Global News' policy is to resist production orders, warrants and subpoenas for its footage and other materials through proper legal process but, where this is not successful, Global News will comply with production orders, warrants and subpoenas of proper scope and detail.

Due to Global News' strong commitment to editorial independence, certain news-reporting may pose a risk to the Company's advertising revenue streams if advertisers are displeased with their portrayal in news programming and, as a result, choose to reduce or withdraw entirely, their advertising business with the Company.

The deliberate deployment of journalists to dangerous and hostile environments may expose employees and the Company to risks related to kidnapping, injury and death, as well as costs related to medical care and emergency repatriation of employees.

The Journalistic Principles and Practices articulate appropriate ways to deal with the above risks and describes proper protocol when such risks arise. In addition, news staff are provided with regular training to mitigate these risks and the Company carries customary and appropriate insurance to further mitigate risks.

TELEVISION – CONTENT BUSINESS

The production and distribution of children's television, books and other media content is very competitive. There are numerous suppliers of media content, including vertically integrated major motion picture studios, television networks, independent television production companies and children's book publishers around the world. Many of these competitors are significantly larger than Corus and have substantially greater resources, including easier access to capital. Corus competes with other television and motion picture production companies for ideas and storylines created by third parties as well as for actors, directors and other personnel required for a production.

Further, vertical integration of the television broadcast industry worldwide and the creation and expansion of new networks, which create a substantial portion of their own programming, have decreased the number of available timeslots for programs produced by third-party production companies. There can be no assurances that Corus will be able to compete successfully in the future or that Corus will continue to produce or acquire rights to additional successful programming or enter into agreements for the financing, production, distribution or licensing of programming on terms favourable to Corus. There continues to be intense competition for the most attractive timeslots offered by those services. There can be no assurances that Corus will be able to increase or maintain penetration of broadcast schedules.

C. PRODUCTION OF FILM AND TELEVISION PROGRAMS

Each production is an individual artistic work and its commercial success is determined primarily by the size of the market and audience acceptance. The latter cannot be accurately predicted. The success of a program is also dependent on the type and extent of promotional and marketing activities, the quality and acceptance of other competing programs, general economic conditions and other ephemeral and intangible factors, all of which can rapidly change and many of which are beyond Corus' control.

Production of film and television programs requires a significant amount of capital. Factors such as labour disputes, technology changes or other disruptions affecting aspects of production may affect Corus or its co-production partners and cause cost overruns and delay or hamper completion of a production.

Financial risks exist in productions relating to tax credits and co-production treaties. The aggregate amount of government tax credits a project may receive can constitute a material portion of a production budget and typically can be as much as 30% of total budgeted costs. There is no assurance that government tax credits and industry funding assistance programs will continue to be available at current levels or that Corus' production projects will continue to qualify for them. As well, a significant number of Corus' productions are co-productions involving international treaties that allow Corus to access foreign financing and reduce production risk as well as qualify for Canadian government tax credits. If an existing treaty between Canada and the government of one of the current co-production partners were to be abandoned, one or more co-productions currently underway may also need to be abandoned. Losing the ability to rely on co-productions would have a significant adverse effect on Corus' production capabilities and production financing.

Results of operations for the production and distribution business for any period are dependent on the number, timing and commercial success of television programs and feature films delivered or made available to various media, none of which can be predicted with certainty.

Consequently, revenues from production and distribution may fluctuate materially from period to period and the results of any one period are not necessarily indicative of results for future periods. Cash flows may also fluctuate and are not necessarily closely correlated with revenue recognition.

Revenues from the film library can vary substantially from year to year, both by geographic territory and by year of production. The timing of the Company's ability to sell library product in certain territories will depend on the market outlook in the particular territory and the availability of product by territory, which depends on the extent and term of any prior sale in that territory.

D. MERCHANDISING

Success of merchandising brands depends on consumers' tastes and preferences that can change in unpredictable ways. The Company depends on the acceptance by consumers of its merchandising offerings, therefore, success depends on the ability to predict and take advantage of consumer tastes in Canada and around the world. In addition, the Company derives royalties from the sale of licensed merchandise by third parties. Corus is dependent on the success of those third parties. Factors that negatively impact those third parties could adversely affect the Company's operating results.

E. INTELLECTUAL PROPERTY RIGHTS

Corus' trade marks, copyrights and other proprietary rights are important to the Company's competitive position. In particular, the Content group must be able to protect its trade marks, copyrights and other proprietary rights to competitively produce, distribute and license its television programs and published materials and market its merchandise. Accordingly, Corus devotes the Company's resources to the establishment and protection of trade marks, copyrights and other proprietary rights on a worldwide basis. However, from time to time, various third parties may contest or infringe upon the Company's intellectual property rights.

The Company reviews these matters to determine what, if any, actions may be required or should be taken, including legal action or negotiated settlement. There can be no assurance that the Company's actions to establish and protect trade marks, copyrights and other proprietary rights will be adequate to prevent imitation or unauthorized reproduction of the Company's products by others or prevent third parties from seeking to block sales, licensing or reproduction of these products as a violation of their trade marks, copyrights and proprietary rights.

Moreover, there can be no assurance that others will not assert rights in, or ownership of, the Company's trade marks, copyrights and other proprietary rights, or that the Company will be able to successfully resolve these conflicts. In addition, the laws of certain foreign countries may not protect proprietary rights to the same extent as do the laws of the United States or Canada.

F. PRODUCTION OF WEBSITES

The production of websites related to Corus' Television and Radio brands generates hundreds of pages of content each day. This content is in many forms including text, graphics, databases, photographs, audio files, radio files and interactive content such as online games and third-party posts of content and links. Corus takes steps to ensure that procedures are in place to clear rights and to vet third-party content. There remains a risk, however, that some potentially defamatory or infringing content can be posted on a Corus website. Corus carries insurance coverage against this risk but there remains a limited risk of liability to third-party claims.

G. TECHNOLOGICAL DEVELOPMENTS

New or alternative media technologies and business models, such as video-on-demand, subscription-video-on-demand, high-definition television, personal video recorders, mobile television, internet protocol television, over-the-top internet-based video entertainment services, digital radio services, satellite radio and direct-to-home satellite compete for programming and audiences. As well, mobile devices like smartphones and tablets allow consumers to access content anywhere, anytime. These technologies and business models may increase audience fragmentation, reduce the Company's ratings or have an adverse effect on advertising revenues from local and national audiences. These or other technologies and business models may have a material adverse effect on Corus' business, results of operations or financial condition.

H. ACQUISITIONS

The Company may, from time to time, make strategic acquisitions which involve significant risks and uncertainties. As such, the Company may experience difficulties in gaining regulatory approval, realizing the anticipated benefits, incur unanticipated expenses and/or have difficulty incorporating or integrating the acquired business, the occurrence of which could have a materially adverse effect on the Company.

I. INTEGRATION OF THE SHAW MEDIA BUSINESS

Corus' ability to maintain and successfully execute its business depends upon the judgment and project execution skills of its senior professionals. Any management disruption or difficulties in integrating Corus' and Shaw Media's management and operations staff could significantly affect Corus' business and results of operations. The success of the Acquisition will depend, in large part, on the ability of management to realize the anticipated benefits and cost synergies from integration of the businesses of Corus and Shaw Media. The integration of the businesses may result in significant challenges, and management may be unable to accomplish the integration smoothly,

or successfully, in a timely manner or without spending significant amounts of money. It is possible that the integration process could result in the loss of key employees, the disruption of the respective ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the ability of management to maintain relationships with business partners such as agencies and content providers or employees or to achieve the anticipated benefits of the Acquisition.

The integration of Shaw Media requires the dedication of substantial effort, time and resources on the part of management, which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. There can be no assurance that the Company will be able to integrate the operations of each of the businesses successfully or achieve any of the synergies or other benefits that are anticipated as a result of the Acquisition. The extent to which synergies are realized and the timing of such cannot be assured. Any inability of the Company to successfully integrate the operations of Corus and Shaw Media, including, but not limited to, information technology, financial reporting and other operating systems, could have a material adverse effect on the business, financial condition and results of operations of Corus.

J. UNEXPECTED COSTS OR LIABILITIES RELATED TO THE ACQUISITION

Although the Company has conducted what it believes to be a prudent and thorough level of investigation in connection with the Acquisition and has negotiated indemnities with Shaw in the Acquisition Agreement to cover certain potential future liabilities, such indemnities may be limited and an unavoidable level of risk remains regarding any undisclosed or unknown liabilities of, or issues concerning, Shaw Media. There may be liabilities that the Company failed to discover or was unable to quantify accurately or at all in the due diligence review that it conducted prior to the execution of the Acquisition Agreement, and the Company may not be indemnified for some or all of these liabilities or the indemnification may be subject to limitations set forth in the Acquisition Agreement. The discovery of any material liabilities, or the inability to obtain full indemnification for such liabilities, could have a materially adverse effect on the Company's business, financial condition or future prospects.

While the Company has estimated these potential liabilities for the purposes of making its decision to enter into the Acquisition Agreement, there can be no assurance that any resulting liability will not exceed the Company's estimates. The amount of such liability could have a materially adverse effect on the Company's financial position. Furthermore, subsequent to the Acquisition, the Company may discover that it has acquired substantial undisclosed liabilities.

In addition, Corus may be unable to retain Shaw Media's customers or employees subsequent to the Acquisition. The continuing and collaborative efforts of Shaw Media's senior management and employees are important to its success and its business would be harmed if it were to lose their services. The existence of undisclosed liabilities and the Company's inability to retain Shaw Media's customers or employees could have an adverse impact on the Company's business, financial condition and results of operations.

K. DISTRIBUTION

Corus enters into long-term agreements with various BDUs, including cable, Internet protocol television ("IPTV"), satellite and multipoint distribution systems ("MDS") providers, for the distribution of its television services. As the contracts expire, there could be a negative impact on revenues if the Company is unable to renew them on acceptable terms which include revenues per subscriber and packaging that ultimately determines the networks household reach.

L. ECONOMIC CONDITIONS

The Company's operating performance depends on Canadian and worldwide economic conditions. Economic uncertainty could impact demand for Corus' advertising airtime and other offerings across its platforms as companies reduce their advertising spending. There can be no assurance that an economic decline will not adversely affect the Company's operating results.

M. CAPITAL MARKETS

The Company may require continuing access to capital markets to sustain its operations. Disruptions in the capital markets, including changes in market interest rates or the availability of capital, could have a materially adverse effect on the Company's ability to raise or refinance debt.

N. FINANCIAL RISKS

The Company is exposed to various risks related to its financial assets and liabilities that include credit risk, interest rate risk, foreign currency risk and leverage risk. These risk exposures are managed on an ongoing basis:

Credit risk
In the normal course of business, the Company is exposed to credit risk from its accounts receivable from customers. The carrying amounts for accounts receivable are net of applicable allowances for doubtful accounts, which are estimated based on past experience, specific risks associated with the customer and other relevant information.

The Company's trade receivables and allowance for doubtful accounts balances at August 31, 2016 were $383.2 million and $3.4 million, respectively.

Interest rate risk
The Company utilizes long-term financing extensively in its capital structure, which includes a banking facility, as more fully described in note 14 to the audited consolidated financial statements. Interest rates on the balance of the bank loans fluctuate with Canadian bankers' acceptances and/or LIBOR.

The Company manages its exposure to floating interest rates through the maintenance of a balance of fixed rate and floating rate debt. As at August 31, 2016, 83% (2015 – 87%) of the Company's consolidated long-term debt was fixed with respect to interest rates. From time-to-time, Corus also manages this risk through the use of interest rate swap contracts to fix the interest rate on its floating rate debt.

Foreign currency risk
A portion of the Company's revenues and expenses is in currencies other than Canadian dollars and, therefore, is subject to fluctuations in exchange rates. Approximately 4% of Corus' total revenues in fiscal 2016 (2015 – 5%) were in foreign currencies, the majority of which was U.S. dollars.

The impact of foreign exchange gains and losses are described in note 24 to the audited consolidated financial statements.

Leverage risk
The Company's leverage has increased as a result of the Acquisition, which is higher than its stated leverage target of 3.0 to 3.5 times. The Company's maintenance of increased levels of debt could adversely affect its financial condition and results of operations. In addition, increased debt service payments could adversely impact cash flows from operating activities, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions, future business opportunities, and other general corporate purposes, as well as limiting the Company's ability to pay dividends at current levels.

O. UNIONIZED LABOUR
Approximately 29% of the Company's employees are employed under one of seven collective agreements represented by three unions. Renegotiating collective bargaining agreements could result in higher labour costs, project delays and work disruptions. If work disruptions occur, it is possible that large numbers of employees may be involved and that the Company's business may be disrupted, causing negative effect to the Company's operations and/or financial results.

P. PENSION AND OTHER EMPLOYEE BENEFIT OBLIGATIONS
Economic fluctuations could adversely impact the funding and expenses associated with pension and other employee benefit obligations and there can be no assurance that these pension and employee benefit obligations will not increase materially in the future, thereby negatively impacting the Company's income or cash flow.

Q. INFORMATION SYSTEMS AND INTERNAL BUSINESS PROCESSES
The day-to-day operations of the Company are highly dependent on information technology systems and internal business processes. An inability to operate or enhance information technology systems could have an adverse impact on the Company's ability to produce accurate and timely invoices, manage operating expenses and produce accurate and timely financial reports. Although the Company has taken steps to reduce these risks, there can be no assurance that potential failures of, or deficiencies in, these systems or processes will not have an adverse effect on the Company's operating results.

In addition, an inability to protect the Company's systems, applications and information repositories against cyber threats, which include cyber attacks such as, but not limited to, hacking, computer viruses, denial of service attacks, industrial espionage, unauthorized access to confidential, proprietary or sensitive information or other breaches of network of IT security could have an adverse impact on the Company's business operations and could harm the Company's brand, reputation and customer relationships. Although the Company has taken steps to reduce these risks, there can be no assurance that future cyber threats, if to occur, will not have an adverse effect on the Company's operating results.

R. HOLDING COMPANY STRUCTURE

Substantially all of Corus' business activities are operated by its subsidiaries. As a holding company, the Company's ability to meet its financial obligations is dependent primarily upon the receipt of interest and principal payments on intercompany advances, management fees, cash dividends and other payments from its subsidiaries together with proceeds raised by the Company through the issuance of equity and the incurrence of debt, and from proceeds received on the sale of assets. The payment of dividends and making of loans, advances and other payments to the Company by its subsidiaries may be subject to statutory or contractual restrictions, are contingent upon the earnings of those subsidiaries and are subject to various business and other considerations.

S. DIVIDEND PAYMENTS

The Company currently pays monthly share dividends on both its Class A Voting Shares and Class B Non-Voting Shares in amounts approved quarterly by the Board of Directors. While the Company expects to generate sufficient free cash flow in fiscal 2017 to fund these dividend payments, if actual results are different from expectations there can be no assurance that the Company will continue common share dividend payments at the current level.

T. CONTINGENCIES

The Company and its subsidiaries are involved in litigation arising in the ordinary course and conduct of its business. The Company recognizes liabilities for contingencies when a loss is probable and capable of being estimated. As at August 31, 2016, there were no actions, suits or proceedings pending or against the Company or its subsidiaries which would, in management's estimation, likely be determined in such a manner as to have a material adverse effect on the business of the Company.

TRANSACTIONS WITH RELATED PARTIES

Related party transactions are reviewed by Corus' Corporate Governance Committee, the majority of whom are independent directors. The following sets forth certain transactions in which the Company is involved.

CONTROL OF THE COMPANY BY THE SHAW FAMILY

As at October 31, 2016, JR Shaw and members of his family, and the corporations owned and/or controlled by JR Shaw and members of his family (the "Shaw Family Living Trust" or "SFLT") own approximately 84% of the outstanding Class A Voting Shares of the Company. The Class A Voting Shares are the only shares entitled to vote in all shareholder matters except in limited circumstances as described in the Company's Annual Information Form. All of the Class A Voting Shares held by SFLT are voted as determined by JR Shaw. Accordingly, SFLT is, and as long as it owns a majority of the Class A Voting Shares will continue to be, able to elect a majority of the Board of Directors of the Company and to control the vote on matters submitted to a vote of the Company's Class A shareholders.

SFLT is also the controlling shareholder of Shaw Communications Inc., and as a result, both Shaw and Corus are subject to common voting control.

SHAW COMMUNICATIONS INC. ("SHAW")

The Company and Shaw are subject to common voting control. During the year, the Company entered into the following transactions with Shaw:

Acquisition of Shaw Media

On April 1, 2016, the Company acquired the shares of Shaw Media from Shaw for approximately $2.65 billion, subject to certain post-closing adjustments, satisfied by the Company through a combination of: a) $1.85 billion of cash consideration; and b) the issuance by the Company to Shaw of 71,364,853 Class B Non-Voting Shares (the "Consideration Shares") at a value per share of $11.21 per share for an aggregate value of $800.0 million. These shares were valued for accounting purposes at $833.5 million, which reflects the opening price of the Company's stock on April 1, 2016 of $11.68 per share.

The Acquisition was a business combination between entities under common control and was accounted for by the Company using the acquisition method. As at August 31, 2016, the Company has not completed the valuation of assets acquired and liabilities to be assumed, therefore the purchase price allocation is preliminary and subject to adjustment on completion of the valuation process and resulting income tax effects (refer to note 27 of the Company's audited consolidated financial statements for the year ended August 31, 2016 for further discussion).

Special transactions

The acquisition of Shaw Media from Shaw constituted a related party transaction outside the normal course of operations. To ensure appropriate safeguards for the interest of the holders of the Class B Non-Voting Shares, Corus' Board of Directors (the "Board") established a Corus Special Committee (the "Special Committee") with the authority to, among other matters review, direct and supervise the process to be carried out by management and its professional advisors in assessing the potential acquisition (including the preparation of any formal valuation required), review and consider the proposed structure, terms and conditions of a possible acquisition and to make a recommendation to the Board with respect to any such transaction.

The Special Committee, throughout the process, consisted entirely of directors who were "independent", within the meaning of applicable securities laws. The Special Committee met a total of 28 times in exercising its mandate and supervision over the course of the transaction negotiation process that followed, prior to the announcement of the Acquisition on January 13, 2016. The Board established the Special Committee to, among other things, supervise the preparation of the formal valuation required under Multilateral Instrument ("MI") 61-101 and assess, review and to make recommendations to the Board regarding the Acquisition. The Special Committee engaged Barclays Capital Canada Inc. ("Barclays") as an independent valuator as required under MI 61-101 in connection with the purchase and sale of the issued and outstanding shares of Shaw Media and to provide the Barclays Valuation and Fairness Opinion. Additionally, the Company's financial advisors, RBC Dominion Securities Inc. ("RBC"), presented to the Board, including the members of the Special Committee, an opinion on the financial consideration which would be payable under the Acquisition (the "RBC Fairness Opinion").

Having undertaken a review of, and carefully considering the Acquisition, the Barclays Valuation and Fairness Opinion, the RBC Fairness Opinion, information concerning Corus, Shaw Media, the proposed Acquisition and the alternatives available to the Company, including consultation with its financial and legal advisors and such other matters as it considered relevant, the Special Committee unanimously determined that the Acquisition was in the best interests of the Company and accordingly recommended that the Board approve the Acquisition and recommended that the Board recommend that the holders of each of the Class A Shares and Class B Shares vote in favour of the resolutions set out for the approval of the Acquisition.

Governance and Investor Rights Agreement

Concurrent with the closing of the Acquisition and following the issuance of the Consideration Shares to Shaw, Corus and Shaw entered into the Governance and Investor Rights Agreement ("GIRA"), pursuant to which Corus granted certain rights to Shaw.

The following is a summary of the principal terms of the GIRA. This summary does not purport to be complete and is qualified in its entirety by reference to the GIRA which has been filed on SEDAR at www.sedar.com.

Corus Board Composition and Shaw Nominees

Pursuant to the GIRA, Shaw has the right to nominate individuals to be elected or appointed to the Board (each, a "Shaw Nominee"). Corus and Shaw agreed that the Board would immediately appoint three Shaw Nominees to serve on the Board until the next annual general meeting of Corus shareholders following closing of the Acquisition. Shaw's nominees consisted of Michael D'Avella, Trevor English and Peter Bissonnette.

Until such time that Shaw beneficially owns less than 10% of the outstanding Shares, Shaw will be entitled to appoint Shaw Nominees to the Board as follows: (a) for so long as Shaw beneficially owns at least 30% of the outstanding Shares, Shaw will have the right to appoint up to three Shaw Nominees; (b) for so long as Shaw beneficially owns at least 20% but less than 30% of the outstanding Shares, Shaw will have the right to appoint up to two Shaw Nominees; and (c) for so long as Shaw beneficially owns at least 10% but less than 20% of the outstanding Shares, Shaw will have the right to appoint one Shaw Nominee. If at any time Shaw beneficially owns less than 10% of the outstanding Shares, Shaw will not be entitled to any Shaw Nominees and Shaw will use its commercially reasonable efforts to, unless requested otherwise by Corus, cause any Shaw Nominees on the Board to resign forthwith.

Each Shaw Nominee must be "Canadian" as defined in the Direction to the CRTC (Ineligibility of Non-Canadians) and satisfy Corus's general eligibility criteria for director candidates. In addition, Shaw agreed that no less than two (one, if Shaw is only entitled to two Shaw Nominees) of the three Shaw Nominees must meet the independence criterion set forth in Section 1.4 of National Instrument 52-110 – *Audit Committee*, provided that the independence criteria is not applicable in the event Shaw is only entitled to one Shaw Nominee. At least one of the three Shaw Nominees must meet the requirements of National Instrument 52-110 – Audit Committee to sit on the Corus audit committee. Shaw has nominated Mr. D'Avella who satisfies the independence criterion of applicable securities law and the requirements of National Instrument 52-110 - *Audit Committee*.

Corus has agreed that in respect of every meeting of Shareholders at which the election of Corus directors is to be considered, so long as such Shaw Nominees satisfy Corus' applicable director eligibility criteria, management of Corus will recommend the Shaw Nominees identified in Corus' proxy materials for election to the Board and vote their Class A Shares and any Class A Shares in respect of which management has been granted a discretionary proxy in favour of the election of such Shaw Nominees.

Committee Appointments

Pursuant to the GIRA, Corus has agreed to provide Shaw the right to appoint one individual to the executive committee of Corus so long as Shaw beneficially owns Class B Shares representing at least 15% of the outstanding Shares.

For so long as Shaw beneficially owns Class B Shares representing at least 15% of the outstanding Shares it will also have the right to appoint one individual to any special committee or similarly constituted committee formed to evaluate regulatory issues, strategic initiatives or material transactions involving Corus or its subsidiaries. However, a Shaw Nominee may not serve on a special committee if Shaw or an affiliate of Shaw is (or is likely to become) an "interested party" (as such term is defined in MI 61-101) in respect of the applicable issue or transaction.

Restrictions on Transfer of the Consideration Shares

As of August 31, 2016, Shaw held approximately 37% of the aggregate outstanding Class B Shares as a result of Consideration Shares issued pursuant to the Acquisition. Shaw has agreed to certain transfer restrictions during a specified hold period pursuant to which Shaw will not, without prior written consent of Corus, sell, offer to sell, grant any option, right or warrant for the sale of, or otherwise lend, transfer, assign or dispose of the Consideration Shares or any other securities issued by Shaw convertible, exchangeable or exercisable into Consideration Shares or agree to do any of the foregoing or publicly announce any intention to do any of the foregoing, subject to certain exceptions. Such transfer restrictions apply to all the Consideration Shares until the date that is: (a) 12 months following the Closing Date, at which time such restrictions will be lifted from one-third of the Consideration Shares; (b) 18 months following the Closing Date, at which time the restriction will be lifted from two-thirds of the Consideration Shares; and (c) 24 months following the Closing Date, at which all restrictions on transfer of the Consideration Shares will be lifted.

Dividend Reinvestment Plan Enrollment

Shaw agreed that it would, upon the closing of the Acquisition, enroll all of the Consideration Shares in Corus' existing DRIP. Shaw will continue to participate in the Corus DRIP until the earlier of: (a) September 1, 2017; and (b) the date such Consideration Shares are no longer subject to hold restrictions under the Governance and Investor Rights Agreement. Subject to applicable laws, from the Closing Date until the date that is 24 months following the Closing Date, Corus has agreed that no amendments will be made to the share price discount under the DRIP (currently a 2% share price discount). Shares issued to Shaw pursuant to the DRIP will not be subject to restrictions on transfer.

Registration Rights

The GIRA provides that, subject to certain exceptions, upon the written request of Shaw, Corus will use commercially reasonable efforts, subject to compliance with applicable securities laws and stock exchange requirements, to file such documents and take such steps as may be necessary under applicable securities laws to qualify for distribution to the public all or any whole number of Class B Shares held by Shaw which are not then subject to any restrictions on transfer pursuant to the Governance and Investor Rights Agreement (the "**Demand Registration Rights**").

If Corus proposes to make a distribution or sale of Shares to the public for cash by means of a prospectus, other than by way of a bought deal, Corus will promptly give written notice of the distribution to Shaw, including proposed pricing. Upon written request of Shaw, Corus will use its commercially reasonable efforts to cause to be qualified in such distribution the applicable number of Class B Shares of Shaw requested by Shaw to be included (the "**Piggy-Back Registration Rights**"). In addition, subject to certain customary exceptions, Corus will use commercially reasonable efforts to include a proportional number of Class B Shares held by Shaw in any bought deal offering.

The Demand Registration Rights and the Piggy-Back Registration Rights granted to Shaw will terminate at such time that Shaw no longer beneficially owns Class B Shares representing at least 5% of the outstanding Shares.

Pre-Emptive Rights

Subject to certain exceptions, provided that Shaw beneficially owns Class B Shares representing at least 10% of the outstanding Shares, if Corus proposes to offer to issue any equity or participating securities or securities convertible or exchangeable into equity or participating securities, Shaw will be entitled to participate in such issuance on a *pro*

rata basis, but only to the extent necessary to maintain its then proportional fully-diluted equity interest in Corus. In the event that such proposed issuance consists of the issuance of Class A Shares, then Shaw will be entitled to acquire that number of Class B Shares that allow it to maintain its then proportional fully-diluted equity interest in Corus. At least five Business Days prior to the closing of any such proposed offering, Corus will deliver to Shaw a notice in writing offering Shaw the opportunity to subscribe for a *pro rata* number of such securities and Shaw will be entitled, upon written notice to Corus, to participate in the issuance by way of private placement at the same price and on the same terms offered by Corus to any party.

Termination
The GIRA will terminate upon Shaw beneficially owning less than 5% of the outstanding Shares.

Normal course transactions
The Company has transacted business in the normal course with Shaw. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, and have normal trade terms.

During the year, the Company received cable subscriber, programming and advertising fees of $112.6 million (2015 - $111.4 million), and production and distribution revenues of $4.8 million (2015 – $0.3 million) from Shaw. In addition, the Company paid cable and satellite system distribution access fees of $8.7 million (2015 - $5.7 million) and administrative and other fees of $4.7 million (2015 - $2.7 million) to Shaw. During the year, the Company issued dividends of $34.4 million to Shaw, which were reinvested in additional Corus Class B shares under Corus' dividend reinvestment plan. As at August 31, 2016, the Company had $26.7 million (2015 - $21.4 million) receivable from Shaw.

The Company provided Shaw with interactive impressions, radio and television spots in return for television advertising. No monetary consideration was exchanged for these transactions and no amounts were recorded in the accounts.

Non-wholly owned specialty networks
The Company has transacted business in the normal course with entities over which the Company exercises significant influence and joint control. During the year, the Company received administrative and other fees of $8.7 million (2015 - $5.0 million) from its non-wholly owned specialty networks including CMT (Canada), Cosmopolitan TV, Food Network Canada, HGTV Canada, National Geographic, Nat Geo Wild, and TLN. At August 31, 2016, the Company had $1.3 million (2015 - $0.1 million) receivable from these entities.

OUTSTANDING SHARE DATA

As at October 31, 2016, 3,425,792 Class A Voting Shares and 194,779,895 Class B Non-Voting Shares were issued and outstanding. Class A Voting Shares are convertible at any time into an equivalent number of Class B Non-Voting Shares. The Class B Non-Voting Shares are convertible into an equivalent number of Class A Voting Shares in limited circumstances as described in the Company's most recent Annual Information Form.

IMPACT OF NEW ACCOUNTING POLICIES

CHANGES IN ACCOUNTING POLICIES

There were no accounting standards issued by the IASB that took effect in fiscal 2016.

RECENT ACCOUNTING PRONOUNCEMENTS

PENDING ACCOUNTING CHANGES

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

IFRS 15 — *Revenue from Contracts with Customers*

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

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

In May 2014, the IASB issued amendments to IAS 16 and IAS 38, prohibiting the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortization for intangible assets. These amendments are effective for annual periods beginning on or after January 1, 2016, which will be September 1, 2016 for Corus and is to be applied prospectively. The Company has reviewed these standards and determined there is no material impact on the consolidated financial statements.

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. This standard is effective for annual reporting periods beginning on or after January 1, 2019, which will be September 1, 2019 for Corus and is to be applied retrospectively. The Company has not yet determined the impact on its consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company's significant accounting policies are described in note 3 to the fiscal 2016 audited consolidated financial statements and notes thereto, which have been prepared in accordance with IFRS. The preparation of these fiscal 2016 consolidated financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities, and related disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods.

Management uses estimates when accounting for certain items such as revenues, allowance for doubtful accounts, amortization of film investments, useful lives of capital assets, asset impairments, provisions, share-based compensation plans, employee benefit plans, deferred income taxes and impairment of goodwill and intangible assets. Estimates are also made by management when recording the fair value of assets acquired and liabilities assumed in a business combination.

Estimates are based on a number of factors, including historical experience, current events and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual results could differ from those estimates. Critical accounting estimates and significant judgments are generally discussed with the Audit Committee each quarter.

The most significant estimates and judgments made by management are described below.

FILM INVESTMENTS

The individual-film-forecast-computation method is used to determine amortization. Under this method, capitalized costs and the estimated total costs of participations and residuals, net of anticipated federal and provincial program contributions, production tax credits and co-producers' share of production costs for an individual film or television program, are charged to amortization expense on a series or program basis in the same ratio that current period actual revenues bear to management's estimates of the total future revenue expected to be received from such film or television program over a period not to exceed 10 years from the date of delivery. Future revenues are based on historical sales performance for the genre of series or program, the number of episodes produced and the availability of rights in each territory. Estimates of future revenues can change significantly due to the level of market acceptance of film and television products. Accordingly, revenue estimates are reviewed periodically and amortization is adjusted prospectively. In addition, if revenue estimates change significantly with respect to a film or television program, the Company may be required to write down all or a portion of the unamortized costs of such film or television program, therefore impacting direct cost of sales, general and administrative expenses and profitability.

IMPAIRMENT OF LONG-LIVED ASSETS

At each reporting date, the Company assesses its long-lived assets, including property, plant and equipment, program and film rights, film investments, goodwill and intangible assets, for potential indicators of impairment, such as an adverse change in business climate that may indicate that these assets may be impaired. If any impairment indicator exists, the Company estimates the asset's recoverable amount. 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, in which case the asset is assessed as part of the cash generating unit ("CGU") to which it belongs. An asset's or CGU's recoverable amount is the higher of its fair value less costs to sell and its value in use. The determination of the recoverable amount in the impairment assessment requires estimates based on quoted market prices, prices of comparable businesses, present value or other valuation techniques, or a combination thereof, necessitating management to make subjective judgments and assumptions.

Goodwill is allocated to a CGU or group of CGUs for the purposes of impairment testing based on the level at which management monitors it, which is not larger than an operating segment. The Company records an impairment loss if the recoverable amount of the CGU or the group of CGUs is less than the carrying amount. Goodwill and indefinite-life assets, such as broadcast licenses, are not amortized but are tested for impairment at least annually or more frequently if events or changes in circumstances indicate that an impairment may have occurred.

The Company completes its annual impairment testing process for broadcast licenses and goodwill during the fourth quarter each year.

The test for impairment of either an intangible asset or goodwill is to compare the recoverable amount of the asset or CGU (or group of CGUs in the case of goodwill) to the carrying value. The recoverable amount is the higher of an asset's or CGU's (or group of CGUs in the case of goodwill) fair value less costs to sell and its value in use. 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 value in use cannot be determined to equal its fair value less costs to sell. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

In calculating the recoverable amount, management is required to make several assumptions including, but not limited to, segment profit growth rates, future levels of capital expenditures, expected future cash flows and discount rates. The Company's assumptions are influenced by current market conditions and general outlook for the industry, both of which may affect expected segment profit growth rates and expected cash flows. The Company has made certain assumptions for the discount and terminal growth rates to reflect possible variations in the cash flows; however, the risk premiums expected by market participants related to uncertainties about the industry, specific CGU or groups of CGUs may differ or change quickly depending on economic conditions and other events. Changes in any of these assumptions could have a significant impact on the recoverable amount of the CGU or groups of CGUs and the results of the related impairment testing.

The Company has completed its annual impairment testing of goodwill and indefinite lived intangible assets in the fourth quarter of fiscal 2016 and concluded that there were no additional impairment charges required. The Company also assessed for indicators that previous impairment losses had decreased. There were no previously recorded impairment charges reversed.

INCOME TAXES

The Company is subject to income taxes in Canada and foreign jurisdictions. The calculation of income taxes in many cases, however, requires significant judgment in interpreting tax rules and regulations. The Company's tax filings are subject to audits which could materially change the amount of current and deferred income tax assets and liabilities and could, in certain circumstances, result in the assessment of interest and penalties.

Additionally, estimation of the income tax provision includes evaluating the recoverability of deferred tax assets based on the assessment of the Company's ability to use the underlying future tax deductions before they expire against future taxable income. The assessment is based upon existing tax laws, estimates of future profitability and tax planning strategies. If the future taxable results of the Company differ significantly from those expected, the Company would be required to increase or decrease the carrying value of the deferred tax assets with a potentially material impact on the Company's Consolidated Statements of Financial Position and Consolidated Statements of Comprehensive Income. The carrying amount of deferred tax assets is reassessed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to utilize all or part of the deferred tax assets. Unrecognized deferred tax assets are recognized to the extent that it is more likely than not that taxable profit will be available against which deferred tax assets can be utilized.

POST-EMPLOYMENT BENEFIT PLANS

The Company has various registered defined benefit plans for certain unionized and non-unionized employees and supplementary executive non-registered retirement plans which provide pension benefits to certain of its key senior executives. The amounts reported in the financial statements relating to the defined benefit pension plans are determined using actuarial valuations that are based on several assumptions including the discount rate, rate of compensation increase, trend in healthcare costs, and expected average remaining years of service of employees. While the Company believes these assumptions are reasonable, differences in actual results or changes in assumptions could affect employee benefit obligations and the related income statement impact. The differences between actual and assumed results are immediately recognized in other comprehensive income/loss. The most significant assumption used to determine the present value of the future cash flows that is expected will be needed to settle employee benefit obligations and is also used to calculate the interest income on plan assets. It is based on the yield of long-term, high-quality corporate fixed income investments closely matching the term of the estimated future cash flows and is reviewed and adjusted as changes are required. The following table illustrates the increase on the accrued benefit obligation and pension expense of a 1% decrease in the discount rate:

(thousands of Canadian dollars)	**Accrued benefit obligation at end of fiscal 2016**	**Pension expense fiscal 2016**
Weighted average discount rate – registered plans	3.50%	3.90%
Weighted average discount rate – non-registered plans	3.55%	3.90%
Impact of: 1% decrease – registered plans	$233,288	$1,236
Impact of: 1% decrease – non-registered plans	$6,347	$ 306

The significant assumptions used on the benefit obligation are disclosed in note 28 of the audited consolidated financial statements.

SHARE-BASED COMPENSATION

In the evaluation of the fair value of stock options, Deferred Share Units ("DSUs"), Performance Share Units ("PSUs"), and Restricted Share Units ("RSUs") granted to eligible officers, directors and employees, the Company makes estimates and assumptions. Critical estimates and assumptions related to stock options include their expected life, the risk-free interest rate and the expected volatility of the market price of the shares. Critical estimates and assumptions related to DSUs, PSUs and RSUs include number of units expected to vest, the estimated dividend equivalents, and the achievement of specific vesting conditions. The Company believes that the assumptions used are reasonable based on information currently available, but changes to these assumptions could impact the fair value of stock options, DSUs, PSUs and RSUs and therefore, the share-based compensation costs recorded in direct cost of sales, general and administrative expenses.

CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Management, under the supervision of the President and Chief Executive Officer ("CEO") and Executive Vice President and Chief Financial Officer ("CFO"), is responsible for establishing and maintaining disclosure controls and procedures, as defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, and have designed such disclosure controls and procedures (or have caused it to be designed under their supervision) to provide reasonable assurance that material information with respect to Corus, including its consolidated subsidiaries, is made known to them. Disclosure controls and procedures ensure that information required to be disclosed by Corus in the reports that it files or submits under the provincial securities legislation is recorded, processed, summarized and reported within the time periods required. Corus has adopted or formalized such disclosure controls and procedures as it believes are necessary and consistent with its business and internal management and supervisory practices.

Management evaluated, under the supervision of and with the participation of the CEO and CFO, the effectiveness of the Company's disclosure controls and procedures. The CEO and CFO have limited the scope of their design and evaluation of the Company's disclosure controls and procedures to exclude the disclosure controls and procedures of Shaw Media, which was acquired on April 1, 2016. Shaw Media's contribution to the overall consolidated financial statements of Corus for the year ended August 31, 2016 was approximately 35% of consolidated revenues and 57% of consolidated net income attributable to shareholders. Additionally, as at August 31, 2016, Shaw Media's current assets and current liabilities were approximately 68% and 28% of consolidated current assets and current

liabilities, respectively, and its non-current assets and non-current liabilities were approximately 46% and 15% of consolidated non-current assets and non-current liabilities, respectively. The design of Shaw Media's disclosure controls and procedures will be completed for the third quarter of fiscal 2017.

Based on that evaluation, which excluded Shaw Media's disclosure controls and procedures, the CEO and CFO concluded that the Company's disclosure controls and procedures were effective as at August 31, 2016.

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management, under the supervision of the CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting, as defined by National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, and have designed such internal control over financial reporting (or caused it to be designed under their supervision) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with IFRS.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Also, projections of any of the effectiveness of internal control are subject to the risk that the controls or that the degree of compliance with the policies and procedures may deteriorate. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to the financial statement preparation and presentation.

Management evaluated, under the supervision of and with the participation of the CEO and CFO, the effectiveness of the Company's internal control over financial reporting, as of August 31, 2016, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

The CEO and CFO have limited the scope of their design and evaluation of the Company's internal control over financial reporting to exclude the internal control over financial reporting of Shaw Media, which was acquired on April 1, 2016.

Based on that evaluation, which excluded Shaw Media's internal control over financial reporting, the CEO and CFO concluded that the Company's internal control over financial reporting was effective as at August 31, 2016.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in the Company's internal control over financial reporting that occurred during fiscal 2016 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

The design of any system of controls and procedures is based in part upon certain assumptions about the likelihood of certain events. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Annual Information Form, can be found on SEDAR at www.sedar.com.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Corus Entertainment Inc. ("Corus") and all the information in this Annual Report are the responsibility of management and have been approved by the Board of Directors (the "Board").

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects. Management has prepared the financial information presented elsewhere in this Annual Report and has ensured that it is consistent with the consolidated financial statements.

Management, under the supervision of the President and Chief Executive Officer ("CEO") and Executive Vice-President and Chief Financial Officer ("CFO") of Corus, is responsible for establishing and maintaining adequate internal control over financial reporting, as defined by National Instrument 52-109 - *Certification of Disclosure in issuers' Annual and Interim Filings*, and have designed such internal control over financial reporting (or caused it to be designed under their supervision) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with IFRS.

Management evaluated, under the supervision of and with the participation of the CEO and CFO, the effectiveness of the Company's internal control over financial reporting as at August 31, 2016, based on the criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The CEO and CFO have limited the scope of their design and evaluation of the Company's internal control over financial reporting to exclude the internal control over financial reporting of Shaw Media Inc. ("Shaw Media"), which was acquired on April 1, 2016. Shaw Media's contribution to the overall consolidated financial statements of Corus for the year ended August 31, 2016 was approximately 35% of consolidated revenues and 57% of consolidated net income attributable to shareholders. Additionally, as at August 31, 2016, Shaw Media's current assets and current liabilities were approximately 68% and 28% of consolidated current assets and current liabilities, respectively, and its non-current assets and non-current liabilities were approximately 46% and 15% of consolidated non-current assets and non-current liabilities, respectively.

Based on that evaluation, which excluded Shaw Media's internal control over financial reporting, the CEO and CFO concluded that the Company's internal control over financial reporting was effective as at August 31, 2016.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting, and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility through its Audit Committee (the "Committee").

The Committee is appointed by the Board, and all of its members are independent unrelated directors. The Committee meets periodically with management, as well as with the internal and external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting items, to satisfy itself that each party is properly discharging its responsibilities, and to review the Annual Report, the consolidated financial statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the consolidated financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited by Ernst & Young LLP, the external auditors on behalf of the shareholders. Ernst & Young LLP has full and free access to the Committee.

Douglas D. Murphy
President and
Chief Executive Officer

John Gossling, FCPA, FCA
Executive Vice President
and Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To the Shareholders of **Corus Entertainment Inc**.

We have audited the accompanying consolidated financial statements of **Corus Entertainment Inc**., which comprise the consolidated statements of financial position as at August 31, 2016 and 2015, and the consolidated statements of income and comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

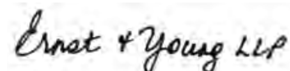
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Corus Entertainment Inc**. as at August 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada,
November 14, 2016

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars)	**As at August 31, 2016**	As at August 31, 2015
ASSETS		
Current		
Cash and cash equivalents	**71,363**	37,422
Accounts receivable *(note 4)*	**379,861**	164,600
Income taxes recoverable *(note 21)*	**—**	12,439
Prepaid expenses and other	**18,835**	13,855
Total current assets	**470,059**	228,316
Tax credits receivable	**19,860**	25,958
Investments and other assets *(note 5)*	**46,759**	42,958
Property, plant and equipment *(note 6)*	**282,105**	139,140
Program and film rights *(note 7)*	**682,268**	315,899
Film investments *(note 8)*	**45,164**	36,549
Intangibles *(notes 9 and 11)*	**2,076,237**	974,615
Goodwill *(notes 10 and 11)*	**2,390,652**	827,859
Deferred income tax assets *(note 21)*	**80,281**	40,815
	6,093,385	2,632,109
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities *(note 12)*	**393,367**	210,971
Current portion of long-term debt *(note 14)*	**115,000**	150,000
Income taxes payable *(note 21)*	**1,982**	—
Provisions *(note 13)*	**21,390**	8,930
Total current liabilities	**531,739**	369,901
Long-term debt *(note 14)*	**2,081,020**	651,002
Other long-term liabilities *(note 15)*	**539,672**	138,833
Deferred income tax liabilities *(note 21)*	**464,607**	252,462
Total liabilities	**3,617,038**	1,412,198
Share capital *(note 16)*	**2,168,543**	994,571
Contributed surplus	**10,444**	9,471
Retained earnings	**142,499**	191,182
Accumulated other comprehensive income (loss) *(note 17)*	**(3,569)**	7,353
Total equity attributable to shareholders	**2,317,917**	1,202,577
Equity attributable to non-controlling interest	**158,430**	17,334
Total shareholders' equity	**2,476,347**	1,219,911
	6,093,385	2,632,109

Commitments, contingencies and guarantees *(notes 14 and 28)*
See accompanying notes

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the years ended August 31, (in thousands of Canadian dollars except per share amounts)	**2016**	2015
Revenues	**1,171,314**	815,315
Direct cost of sales, general and administrative expenses *(note 18)*	**760,300**	538,128
Depreciation and amortization *(notes 6 and 9)*	**73,969**	24,057
Interest expense *(note 19)*	**110,862**	50,936
Broadcast license and goodwill impairment *(notes 9, 10 and 11)*	**—**	130,000
Debt refinancing *(note 14)*	**61,248**	—
Intangible impairment *(notes 7 and 8)*	**—**	51,786
Business acquisition, integration and restructuring costs *(notes 13 and 27)*	**57,198**	19,032
Gain on disposition *(note 27)*	**(86,151)**	—
Other (income) expense, net *(note 20)*	**8,752**	(10,117)
Income before income taxes	**185,136**	11,493
Income tax expense *(note 21)*	**41,575**	30,993
Net income (loss) for the year	**143,561**	(19,500)
Net income (loss) attributable to:		
Shareholders	**125,931**	(25,154)
Non-controlling interest	**17,630**	5,654
	143,561	(19,500)
Earnings (loss) per share attributable to shareholders:		
Basic	**$ 0.96**	$ (0.29)
Diluted	**$ 0.96**	$ (0.29)
Net income (loss) for the year		
Other comprehensive income (loss), net of income taxes: *(note 17)*	**143,561**	(19,500)
Items that may be reclassified subsequently to income:		
Unrealized foreign currency translation adjustment	**(49)**	4,158
Unrealized change in fair value of available-for-sale investments	**(620)**	(306)
Unrealized change in fair value of cash flow hedges *(note 14)*	**(10,253)**	(266)
Actuarial (loss) gain on post-employment benefit plans	**(3,489)**	686
	(14,411)	4,272
Comprehensive income (loss) for the year	**129,150**	(15,228)
Comprehensive income (loss) attributable to:		
Shareholders	**111,520**	(20,882)
Non-controlling interest	**17,630**	5,654
	129,150	(15,228)

See accompanying notes

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in thousands of Canadian dollars)	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss) *(note 17)*	Total equity attributable to shareholders	Non-controlling interest	Total equity
At August 31, 2015	994,571	9,471	191,182	7,353	1,202,577	17,334	1,219,911
Comprehensive income	—	—	125,931	(14,411)	111,520	17,630	129,150
Dividends declared	—	—	(171,125)	—	(171,125)	(19,824)	(190,949)
Issuance of shares under public equity offering *(note 16)*	279,762	—	—	—	279,762	—	279,762
Issuance of shares to related party *(note 27)*	833,541	—	—	—	833,541	—	833,541
Existing non-controlling ownership interest from acquisition *(note 27)*	—	—	—	—	—	143,290	143,290
Issuance of shares under dividend reinvestment plan	60,669	—	—	—	60,669	—	60,669
Actuarial gain on post-retirement benefit plans	—	—	(3,489)	3,489	—	—	—
Share-based compensation expense	—	973	—	—	973	—	973
At August 31, 2016	**2,168,543**	**10,444**	**142,499**	**(3,569)**	**2,317,917**	**158,430**	**2,476,347**
At August 31, 2014	967,330	8,385	313,361	3,767	1,292,843	17,283	1,310,126
Comprehensive income	—	—	(25,154)	4,272	(20,882)	5,654	(15,228)
Dividends declared	—	—	(97,711)	—	(97,711)	(5,603)	(103,314)
Issuance of shares under stock option plan	6,741	(1,090)	—	—	5,651	—	5,651
Issuance of shares under dividend reinvestment plan	20,500	—	—	—	20,500	—	20,500
Actuarial gain on post-retirement benefit plans	—	—	686	(686)	—	—	—
Share-based compensation expense	—	2,176	—	—	2,176	—	2,176
At August 31, 2015	994,571	9,471	191,182	7,353	1,202,577	17,334	1,219,911

See accompanying notes

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended August 31, (in thousands of Canadian dollars)	**2016**	2015
OPERATING ACTIVITIES		
Net income (loss) for the year	**143,561**	(19,500)
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Amortization of program and film rights *(notes 7 and 18)*	**313,300**	213,457
Amortization of film investments *(notes 8 and 18)*	**22,690**	27,851
Depreciation and amortization *(notes 6 and 9)*	**73,969**	24,057
Broadcast license and goodwill impairment *(notes 9, 10, and 11)*	**—**	130,000
Deferred income taxes *(note 21)*	**(22,554)**	(2,970)
Intangible asset impairment (recovery) *(note 8)*	**(822)**	51,786
Share-based compensation expense *(note 16)*	**973**	2,176
Imputed interest *(note 19)*	**45,429**	14,620
Debt refinancing costs *(note 14)*	**61,248**	—
Gain on disposition of investment *(note 5)*	**(1,210)**	(16,964)
Gain on assets held for disposal *(note 27)*	**(86,151)**	—
CRTC benefit payments	**(25,740)**	(5,905)
Other	**6,776**	5,360
Net change in non-cash working capital balances related to operations *(note 25)*	**43,229**	18,183
Payment of program and film rights	**(344,855)**	(202,728)
Net additions to film investments	**(29,616)**	(34,965)
Cash provided by operating activities	**200,227**	204,458
INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(22,550)**	(16,671)
Net proceeds from disposition *(note 27)*	**209,474**	—
Business combinations, net of acquired cash *(note 27)*	**(1,827,452)**	—
Proceeds from disposition of investment	**1,684**	18,490
Net cash flows for intangibles, investments and other assets	**(19,583)**	(24,829)
Cash used in investing activities	**(1,658,427)**	(23,010)
FINANCING ACTIVITIES		
Increase (decrease) in bank loans	**1,959,209**	(74,670)
Redemption of notes	**(550,000)**	—
Debt refinancing costs	**(55,671)**	—
Financing fees	**(23,595)**	(750)
Share subscription, net of issuance costs	**276,529**	—
Issuance of shares under stock option plan	**—**	5,651
Dividends paid	**(89,702)**	(76,228)
Dividends paid to non-controlling interest	**(19,824)**	(5,603)
Other	**(4,805)**	(4,011)
Cash provided by (used in) financing activities	**1,492,141**	(155,611)
Net change in cash and cash equivalents during the year	**33,941**	25,837
Cash and cash equivalents, beginning of the year	**37,422**	11,585
Cash and cash equivalents, end of the year	**71,363**	37,422

Supplemental cash flow disclosures *(note 25)*
See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of Canadian dollars, except per share information)

1. CORPORATE INFORMATION

Corus Entertainment Inc. (the "Company" or "Corus") is a Canadian-based integrated media and content 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 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, pay television services (ceased operations February 29, 2016) and 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, children's book publishing, the production and distribution of animation software, and technology and media services.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements have been prepared using the accounting policies in Note 3.

These consolidated financial statements have been authorized for issue in accordance with a resolution from the Board of Directors on November 14, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The 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 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.

BASIS OF CONSOLIDATION

Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, which are the entities over which the Company has control. Control exists when the entity is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The non-controlling interest component of the Company's subsidiaries is included in equity.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. The determination of control is assessed either through share ownership and/or control of the subsidiaries' board of directors, which may require significant judgment.

The financial statements of the Company's subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-company balances, transactions, unrealized gains and losses resulting from intra-company transactions and dividends are eliminated in full.

Associates and joint arrangements

Associates are entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associate but is not control or joint control over those policies.

A joint venture is a type of joint arrangement in which the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining joint control or significant influence are similar to those necessary to determine control over subsidiaries. The Company accounts for investments in associates and joint ventures using the equity method.

Investments in associates and joint ventures accounted for using the equity method are originally recognized at cost. Under the equity method, the investment in the associate or joint venture is carried on the consolidated statements of financial position at cost plus post-acquisition changes in the Company's share of income and other comprehensive income ("OCI"), less distributions of the associate. Goodwill on the acquisition of the associates and joint ventures is included in the cost of the investments and is neither amortized nor assessed for impairment separately.

The financial statements of the Company's equity-accounted investments are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company. All intra-company unrealized gains resulting from intra-company transactions and dividends are eliminated against the investment to the extent of the Company's interest in the associate. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

After the application of the equity method, the Company determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired and consequently, whether it is necessary to recognize an additional impairment loss on the Company's investment in its associate or joint venture. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated statements of income and comprehensive income.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method of accounting, which requires the Company to identify and attribute values and estimated lives to the identifiable intangible assets acquired based on their estimated fair value. These determinations involve significant estimates and assumptions regarding cash flow projections, economic risk and weighted average cost of capital. The purchase consideration of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition-date fair value and the amount of any non-controlling interest in the acquiree.

For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in business acquisition, integration and restructuring costs.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be a financial asset or liability will be recognized in accordance with International Accounting Standard ("IAS") 39 - *Financial Instruments: Recognition and Measurement* either in profit or loss or as a change to OCI. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

REVENUE RECOGNITION

Advertising revenues, net of agency commissions, are recognized in the period in which the advertising is aired on the Company's television and radio stations or posted on various websites and when collection is reasonably assured.

Subscriber revenues are recognized monthly based on estimated subscriber levels for the period-end, which are based on the preceding month's actual subscribers as submitted by the broadcast distribution undertakings.

The Company's revenues related to production and distribution revenues from the distribution and licensing of film rights; royalties from merchandise licensing, publishing and music contracts; sale of licenses, customer support, training and consulting related to the animation software business; revenues from customer support; and sale of

books are recognized when the significant risks and rewards of ownership have transferred to the buyer; the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the entity; the stage of completion of the transaction at the end of the reporting period can be measured reliably; the costs incurred for the transaction and the costs to complete the transaction can be measured reliably; and the Company does not retain either continuing managerial involvement or effective control.

Customer advances on contracts are recorded as unearned revenue until all of the foregoing revenue recognition conditions have been met.

Non-refundable advances, whether recoupable or non-recoupable, on royalties are recognized when the license period has commenced and collection is reasonably assured, unless there are future performance obligations associated with the royalty advance for which, in that case, revenue recognition is deferred and recognized when the performance obligations are discharged. Refundable advances are deferred and recognized as revenue as the performance obligations are discharged.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and short-term deposits with maturities of less than three months at the date of purchase. Cash that is held in escrow, or otherwise restricted from use, is reported separately from cash and cash equivalents.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment, and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Repair and maintenance costs are recognized in the consolidated statements of income and comprehensive income as incurred.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Land and assets not available for use	Not depreciated
Equipment	
Broadcasting	5 - 10 years
Computer	3 - 5 years
Leasehold improvements	Lease term
Buildings	
Structure	20 - 30 years
Components	10 - 20 years
Furniture and fixtures	7 years
Other	4 - 10 years

An item of property, plant and equipment and any significant part initially recognized are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of income and comprehensive income when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at least annually and the depreciation charge is adjusted prospectively, if appropriate.

BORROWING COSTS

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they are incurred.

PROGRAM RIGHTS

Program rights represent contract rights acquired from third parties to broadcast television programs, feature films and radio programs. The assets and liabilities related to these rights are recorded when the Company controls the asset, the expected future economic benefits are probable and the cost is reliably measurable. The Company

generally considers these criteria to be met and records the assets and liabilities when the license period has begun, the program material is accepted by the Company and the material is available for airing. Long-term liabilities related to these rights are recorded at the net present value of future cash flows, using an appropriate discount rate. These costs are amortized over the contracted exhibition period as the programs or feature films are aired. Program and film rights are carried at cost less accumulated amortization. At each reporting date, the Company assesses its program rights for indicators of impairment and, if any exist, the Company estimates the asset's or cash generating unit's ("CGUs") recoverable amount.

The amortization period and the amortization method for program rights are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization of program rights is included in direct cost of sales, general and administrative expenses and has been disclosed separately in the consolidated statements of cash flows.

FILM INVESTMENTS

Film investments represent the costs of projects in development, projects in process, the unamortized costs of proprietary films and television programs that have been produced by the Company or for which the Company has acquired distribution rights, and third-party-produced equity film investments. Such costs include development and production expenditures and attributed studio and other costs that are expected to benefit future periods. Costs are capitalized upon project greenlight for produced and acquired films and television programs.

The individual-film-forecast-computation method is used to determine amortization. Under this method, capitalized costs and the estimated total costs of participations and residuals, net of anticipated federal and provincial program contributions, production tax credits and co-producers' share of production costs, are charged to amortization expense on a series or program basis in the same ratio that current period actual revenues (numerator) bears to estimated remaining unrecognized future revenues as of the beginning of the current fiscal year (denominator). Future revenues are projected for periods generally not exceeding 10 years from the date of delivery or acquisition. For episodic television series, future revenues include estimates of revenues over a period generally not exceeding 10 years from the date of delivery of the first episode or, if still in production, five years from the date of delivery of the most recent episode, if later. Future revenues are based on historical sales performance for the genre of series or program, the number of episodes produced and the availability of rights in each territory. Estimates of future revenues can change significantly due to the level of market acceptance of film and television products. Accordingly, revenue estimates are reviewed periodically and amortization is adjusted prospectively. In addition, if revenue estimates change significantly with respect to a film or television program, the Company may be required to write down all or a portion of the unamortized costs of such film or television program, therefore impacting direct cost of sales, general and administrative expenses and profitability.

Projects in process represent the accumulated costs of television series or feature films currently in production.

Completed project and distribution rights are stated at the lower of unamortized cost and recoverable amount as determined on a series or program basis. Revenue and cost forecasts for each production are evaluated at each reporting date in connection with a comprehensive review of the Company's film investments, on a title-by-title basis. When an event or change in circumstances indicates that the recoverable amount of a film is less than its unamortized cost, the carrying value is compared to the recoverable amount and if the carrying value is higher, the carrying value is written down to the recoverable amount. The recoverable amount of the film is determined using management's estimates of future revenues under a discounted cash flow approach.

Third-party-produced equity film investments are carried at fair value. Cash received from an investment is recorded as a reduction of such investment on the consolidated statements of financial position and the Company records income on the consolidated statements of income and comprehensive income only when the investment is fully recouped.

Amortization of film investments is included in direct cost of sales, general and administrative expenses and has been disclosed separately in the consolidated statements of cash flows.

GOODWILL AND INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in a business combination are measured at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment charges, if any. Internally

generated intangible assets such as goodwill, brands and customer lists, excluding capitalized program and film development costs, are not capitalized and expenditures are reflected in the consolidated statements of income and comprehensive income in the year in which the expenditure is incurred.

Intangible assets are recognized separately from goodwill when they are separable or arise from contractual or other legal rights and their fair value can be measured reliably. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for intangible assets with finite useful lives are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of income and comprehensive income in the expense category, consistent with the function of the intangible assets.

Amortization is recorded on a straight-line basis over the estimated useful life of the asset as follows:

Brand names, trade marks and digital rights	Agreement term
Software, patents and customer lists	3 - 5 years

Intangible assets with indefinite useful lives are not amortized. Broadcast licenses are considered to have an indefinite life based on management's intent and ability to renew the licenses without significant cost and without material modification of the existing terms and conditions of the license. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to a CGU or group of CGUs that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The group of CGUs is not larger than the level at which management monitors goodwill or the Company's operating segments.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair value of the operation disposed of and the portion of the CGU retained.

Broadcast licenses and goodwill are tested for impairment annually or more frequently if events or circumstances indicate that they may be impaired. The Company completes its annual testing during the fourth quarter each year.

Broadcast licenses by themselves do not generate cash inflows and therefore, when assessing these assets for impairment, the Company looks to the CGU to which the asset belongs. The identification of CGUs involves judgment and is based on how senior management monitors operations; however, the lowest aggregations of assets that generate largely independent cash inflows represent CGUs for broadcast license impairment testing.

CGUs for broadcast license impairment testing

For the Television segment, the Company has determined that there are two CGUs: (1) Managed Brands consisting of conventional television stations, specialty television networks and pay television services (ceased operations February 29, 2016) that are operated and managed directly by the Company; and (2) Other, as these are the levels at which independent cash inflows have been identified.

For the Radio segment, the Company has determined that the CGU is a radio cluster whereby a cluster represents a geographic area, generally a city, where radio stations are combined for the purpose of managing performance. These clusters are managed as a single asset and overhead costs are allocated amongst the cluster and have independent cash inflows at the cluster level.

Groups of CGUs for goodwill impairment testing

For purposes of impairment testing of goodwill, the Company has grouped the CGUs within the Television and Radio operating segments and is performing the test at the operating segment level. This is the lowest level at which management monitors goodwill for internal management purposes.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statements of income and comprehensive income when the asset is derecognized.

GOVERNMENT FINANCING AND ASSISTANCE

The Company has access to several government programs that are designed to assist film and television production in Canada. Funding from certain programs provides a supplement to a series' Canadian license fee and is recorded as revenue when cash has been received. Government assistance with respect to federal and provincial production tax credits is recorded as a reduction of film investments when eligible expenditures are made and there is reasonable assurance of realization. Assistance in connection with internally produced film investments is recorded as a reduction in film investments. The accrual of production tax credits on a contemporaneous basis with production expenditures are based on a five-year historical trending of the ratio of actual production tax credits received to total production tax credits applied for.

Government assistance with respect to digital activities is recorded as a reduction in the related expenses when management has reasonable assurance that the conditions of the government programs are met.

Government grants approved for specific publishing projects are recorded as revenue when the related expenses are incurred and there is reasonable assurance of realization.

FOREIGN CURRENCY TRANSLATION

Assets and liabilities of operations having a functional currency other than Canadian dollars are translated at the rate of exchange at the consolidated statements of financial position date. Revenues and expenses are translated at average exchange rates for the year. The resulting foreign currency translation adjustments are recognized in OCI.

Foreign currency transactions are translated into the functional currency at the rate of exchange at the transaction date. Foreign currency denominated monetary assets and liabilities are translated into the functional currency at the rate of exchange at the consolidated statements of financial position date. Gains and losses on translation of monetary items are recognized in the consolidated statements of income and comprehensive income.

INCOME TAXES

Tax expense comprises current and deferred income taxes. Tax expense is recognized in the consolidated statements of income, unless it relates to items recognized outside the consolidated statements of income. Tax expense relating to items recognized outside of the consolidated statements of income is recognized in correlation to the underlying transaction in either OCI or equity.

Current income tax

The Company records current income tax expense or recovery based on taxable income earned or loss incurred for the period in each tax jurisdiction where it operates, and for any adjustment to taxes payable in respect of previous years, using tax laws that are enacted or substantively enacted at the consolidated statements of financial position date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation. The Company establishes provisions related to tax uncertainties, where appropriate, based on its best estimate of the amount that will ultimately be paid to or received from taxation authorities.

Deferred income tax

The Company uses the liability method of accounting for deferred income taxes. Under this method, the Company recognizes deferred income tax assets and liabilities for future income tax consequences attributable to temporary differences between the financial statement carrying amounts of assets and liabilities and their respective income tax bases, and on unused tax losses and tax credit carryforwards. The deferred tax assets and liabilities related to intangible assets with indefinite useful lives have been measured based on the Company's expectation that these assets will be recovered through use. The Company measures deferred income taxes using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The Company recognizes deferred income tax assets only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences as well as unused tax losses and tax credit

carryforwards can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. The Company recognizes the effect of a change in income tax rates in the period of enactment or substantive enactment.

Deferred income taxes are not recognized if they arise from the initial recognition of goodwill, nor are they recognized on temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss. Deferred income taxes are also not recognized on temporary differences relating to investments in subsidiaries to the extent that it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

To determine the provision for income taxes, certain assumptions are made, including filing positions on certain items and the ability to realize deferred tax assets. In the event the outcome differs from management's assumptions and estimates, the effective tax rate in future periods could be affected.

CRTC BENEFIT OBLIGATIONS

The fair value of CRTC benefit obligations committed as part of business acquisitions are initially recorded at the present value of amounts to be paid net of any expected incremental cash inflows. The obligation is subsequently adjusted for the incurrence of related expenditures, the passage of time and for revisions to the timing of the cash flows. Changes in the obligation due to the passage of time are recorded as accretion of long-term liabilities and interest expense.

PROVISIONS

Provisions are recognized if the Company has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation as of the date of the consolidated statements of financial position, taking into account the risks and uncertainties surrounding the obligation. In some situations, external advice may be obtained to assist with the estimates.

Provisions are discounted and measured at the present value of the expenditure expected to be required to settle the obligation, using an after-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense. Future information could change the estimates and thus impact the Company's financial position and results of operations.

FINANCIAL INSTRUMENTS

Financial assets within the scope of IAS 39 - *Financial Instruments: Recognition and Measurement* are classified as financial assets at fair value through profit or loss, loans and receivables or available-for-sale ("AFS"), as appropriate. The Company determines the classification of its financial assets at initial recognition.

Financial instruments classified at fair value through profit or loss and financial assets classified as AFS are recognized on the trade date, which is the date that the Company commits to purchase or sell the asset.

The Company has classified its financial instruments as follows:

Fair value through profit or loss	Loans and receivables	Available-for-sale	Other financial liabilities	Derivatives
• Cash and cash equivalents	• Accounts receivable • Loans and other receivables included in "investments and other assets"	• Other portfolio investments included in "investments and other assets" • Third-party-produced equity film investments	• Accounts payable, accrued liabilities and provisions • Long-term debt • Other long-term financial liabilities included in "Other long-term liabilities"	• Derivatives that are part of a cash flow hedging relationship

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried at fair value. Changes in fair value are recognized in other income (expense) in the consolidated statements of income and comprehensive income.

Loans and receivables

Loans and receivables are initially recognized at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method less any impairment. Receivables are reduced by provisions for estimated bad debts which are determined by reference to past experience and expectations.

Financial assets classified as AFS

Financial assets that are not classified as at fair value through profit or loss or as loans and receivables are classified as AFS. A financial asset classified as AFS is initially recognized at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. AFS financial instruments are subsequently measured at fair value, with unrealized gains and losses recognized in OCI and accumulated in accumulated other comprehensive income ("AOCI") until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss is reclassified to the consolidated statements of income and comprehensive income and removed from AOCI. AFS equity instruments not quoted in an active market where fair value is not reliably determinable are recorded at cost less impairment, if any, determined based on the present values of expected future cash flows.

Other financial liabilities

Financial liabilities within the scope of IAS 39 are classified as other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition.

Other financial liabilities are measured at amortized cost using the effective interest rate method. Long-term debt instruments are initially measured at fair value, which is the consideration received, net of transaction costs incurred. Transaction costs related to the long-term debt instruments are included in the value of the instruments and amortized using the effective interest rate method.

Derivatives

Derivatives that are part of an established and documented cash flow hedging relationship, such as interest rate swap agreements and forward currency contracts, are initially presented at their fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value. Gains or losses arising from the revaluation are included in other comprehensive income (loss) to the extent of hedge effectiveness.

Instruments that have been entered into by the Company to hedge exposure to interest rate risk or foreign currency risks are reviewed on a regular basis to ensure the hedges are still effective and that hedge accounting continues to be appropriate.

Derecognition

A financial asset is derecognized when the rights to receive cash flows from the asset have expired, or when the Company transfers its rights to receive cash flows from the asset and the associated risks and rewards to a third party. The unrealized gains and losses recorded in AOCI are transferred to the consolidated statements of income and comprehensive income on disposal of an AFS asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

Determination of fair value

Fair value is defined as the price at which an asset or liability could be exchanged in a current transaction between knowledgeable, willing parties, other than in a forced or liquidation sale. The fair value of instruments that are quoted in active markets is determined using the quoted prices where they represent those at which regularly and recently occurring transactions take place. The Company uses valuation techniques to establish the fair value of instruments where prices quoted in active markets are not available. Therefore, where possible, parameter inputs to the valuation techniques are based on observable data derived from prices of relevant instruments traded in an active market. These valuation techniques involve some level of management estimation and judgment, the degree of which will depend on the price transparency for the instrument or market and the instrument's complexity.

The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair values of cash and cash equivalents are classified within Level 1 because they are based on quoted prices for identical assets in active markets.

The fair value of portfolio investments measured at fair value are classified within Level 2 because even though the security is listed, it is not actively traded. The Company determines the fair value for interest rate swaps as the net discounted future cash flows using the implied zero-coupon forward swap yield curve. The change in the difference between the discounted cash flow streams for the hedged item and the hedging item is deemed to be hedge ineffectiveness and is recorded in the consolidated statements of income. The fair value of the interest rate swap is based on forward yield curves, which are observable inputs provided by banks and available in other public data sources, and are classified within Level 2.

The fair value of the 4.25% Senior Unsecured Guaranteed Notes (“2020 Notes”) were classified within Level 2 because they were traded, however, in what was not considered an active market.

The fair value of third-party-produced equity film investments and the related forward purchase obligations are classified within Level 3, as there is little to no market activity and the amounts recorded are based on a discounted cash flow model and expected future cash flows.

The fair value of investments in venture funds are not reliably measured because their fair value is neither evidenced by a quoted price in an active market for an identical asset nor based on a valuation technique that uses only data from unobservable markets. Given the early stage nature of the underlying investments of the venture funds, they are measured at cost.

Both bank credit facilities and interest rate swap agreements are classified within Level 2, as their fair value is determined by observable market data. The carrying value of bank credit facilities approximates fair value as the debt bears interest at rates that fluctuate with market rates. The fair value of interest rate swap agreements is calculated by way of discounted cash flows, using market interest rates and applicable credit spreads.

HEDGES

Hedge accounting is applied to interest rate swap agreements to fix the interest rate on the term facility and forward currency contracts to fix its exposure to foreign currency risk for certain U.S. dollar denominated contracts. In order to apply hedge accounting, a high correlation (which indicates effectiveness) is required in the offsetting changes in the values of the financial instruments (the hedging items) used to establish the designated hedging relationships at inception and actual effectiveness for each reporting period thereafter. A designated hedging relationship is assessed at inception for its anticipated effectiveness and actual effectiveness for each reporting period thereafter. Any ineffectiveness is reflected in the consolidated statements of income and other comprehensive income as financing costs within other expense (income), net.

In the application of hedge accounting, an amount (the hedge value) is recorded on the consolidated statements of financial position in respect of the fair value of the hedging item. The net difference, if any, between the amount recognized in the determination of net income and the amounts necessary to reflect the fair value of the designated cash flow hedging items on the consolidated statements of financial position is recognized as a component of OCI.

SHARE-BASED COMPENSATION

The Company has a stock option plan, two Deferred Share Units (“DSUs”) plans, a Performance Share Units (“PSUs”) plan and a Restricted Share Units (“RSUs”) plan, with certain units under such plans awarded to certain employees and directors.

The fair value of the stock options granted which represent equity awards are measured using the Black-Scholes option pricing model. For stock options, the model considers each tranche with graded vesting features as a separate share option grant. Forfeitures for the stock options are estimated on the grant date and revised if the actual forfeitures differ from previous estimates.

This fair value is recognized as share-based compensation expense over the vesting periods, with a related credit to contributed surplus. The contributed surplus balance is reduced as options are exercised through a credit to share capital. The consideration paid by option holders is credited to share capital when the options are exercised.

Eligible executives and non-employee directors may elect to receive DSUs equivalent in value to Class B Non-Voting Shares of the Company in lieu of certain cash payments. Share-based compensation expense is recorded in the year of receipt of the DSUs and changes in the fair value of outstanding DSUs, including deemed dividend equivalents, are recorded as an expense in the period that they occur with a corresponding charge to liability. These DSUs can only be redeemed once the executive or director is no longer employed with the Company.

Eligible executives may be granted awards of DSUs, PSUs and RSUs equivalent in value to Class B Non-Voting Shares of the Company. DSUs , PSUs and RSUs vest after three to five years and are settled in cash at the end of the restriction period or in the case of DSUs when the executive is no longer employed with the Company. DSUs, PSUs and RSUs are accrued over the three to five-year vesting period as share-based compensation expense and a related liability.

Forfeitures are estimated on the grant date and revised if the actual forfeitures differ from the estimates. The liability is recorded at fair value, which includes deemed dividend equivalents at each reporting date. Accrued DSUs, PSUs and RSUs are recorded as long-term liabilities, except for the portion that will vest within 12 months which is recorded as a current liability.

Each DSU, PSU and RSU entitles the participant to receive a cash payment in an amount equal to the 20-day volume weighted average price ("VWAP") of the Company's Class B Non-Voting Shares traded on the TSX at the end of the restriction period, multiplied by the number of vested units determined by achievement of vesting conditions.

The cost of share-based compensation is included in direct cost of sales, general and administrative expenses.

EMPLOYEE BENEFIT PLANS

The Company maintains capital accumulation (defined contribution), post-retirement benefit plans, and defined benefit employee benefit plans. Company contributions to capital accumulation plans and post-retirement benefit plans are expensed as incurred.

The defined benefit plans are unfunded plans for members of senior management and funded plans for certain other employees. The costs of providing benefits under the defined benefit plans are calculated by independent actuaries separately for each plan using the projected unit credit method prorated on service and management's best estimate of assumptions of salary increases and retirement ages of employees. On an interim basis, management estimates the changes in the actuarial gains and losses based on changes in discount rates. These estimates are adjusted when the annual valuation or estimate is completed by the independent actuaries. The present value of the defined benefit obligations are determined by discounting estimated future cash flows using a discount rate based on high-quality corporate bonds with maturities that match the expected maturity of the obligations. A lower discount rate would result in a higher employee benefit obligation.

Current service, interest and past service costs and gains or losses on settlement are recognized in the consolidated statements of income and comprehensive income. Actuarial gains and losses for the plans are recognized in full in the period in which they occur in OCI. Such actuarial gains and losses are also immediately recognized in retained earnings and are not reclassified to profit or loss in subsequent periods. The asset or liability that is recognized on the consolidated statements of financial position is the present value of the defined benefit obligation at the reporting date less the fair value of the plans' assets. For the funded plans, the value of any additional minimum funding requirements (as determined by the applicable pension legislation) is recognized to the extent that the amounts are not considered recoverable. Recoverability is primarily based on the extent to which the Company can reduce the future contributions to the plans.

Past service costs are recognized immediately upon the introduction of, or changes to, the defined benefit plans.

IMPAIRMENT OF LONG-LIVED ASSETS

At each reporting date, the Company assesses its long-lived assets, including property, plant and equipment, program and film rights, film investments, goodwill and intangible assets, for potential indicators of impairment, such as an adverse change in business climate that may indicate that these assets may be impaired. If any impairment indicator exists, the Company estimates the asset's recoverable amount. 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, in which case the asset is assessed as part of the CGU to which it belongs. An asset's

or CGU's recoverable amount is the higher of its fair value less costs to sell ("FVLCS") and its value in use ("VIU"). The determination of the recoverable amount in the impairment assessment requires estimates based on quoted market prices, prices of comparable businesses, present value or other valuation techniques, or a combination thereof, necessitating management to make subjective judgments and assumptions.

The Company records impairment losses on its long-lived assets when the Company believes that their carrying value may not be recoverable. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If the reasons for impairment no longer apply, impairment losses may be reversed up to a maximum of the carrying amount of the respective asset if the impairment loss had not been recognized.

Goodwill

Goodwill is reviewed for impairment annually or more frequently if there are indications that impairment may have occurred.

Goodwill is allocated to a CGU or group of CGUs for the purposes of impairment testing based on the level at which management monitors it, which is not larger than an operating segment. The Company records an impairment loss if the recoverable amount of the CGU or group of CGUs is less than the carrying amount.

Refer to note 11 for further details on the Company's annual impairment testing for goodwill.

Broadcast licenses

Broadcast licenses are reviewed for impairment annually or more frequently if there are indications that impairment may have occurred.

Broadcast licenses are allocated to a CGU for the purposes of impairment testing. The Company records an impairment loss if the recoverable amount of the CGU is less than the carrying amount.

Refer to note 11 for further details on the Company's annual impairment testing for broadcast licenses.

Intangible assets and property, plant and equipment

The useful lives of the intangible assets with definite lives (which are amortized) and property, plant and equipment are confirmed at least annually and only tested for impairment if events or changes in circumstances indicate that an impairment may have occurred.

LEASES

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. Where the Company is the lessee, asset values recorded under finance leases are amortized on a straight-line basis over the period of expected use. Obligations recorded under finance leases are reduced by lease payments net of imputed interest. Operating lease commitments, for which lease payments are recognized as an expense in the consolidated statements of income and comprehensive income, are recognized on a straight-line basis over the lease term.

EARNINGS PER SHARE

Basic earnings per share are calculated using the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share assumes the basic weighted average number of common shares outstanding during the year is increased to include the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued. The dilutive effect of stock options is determined using the treasury stock method.

USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results.

The most significant estimates made by management in the preparation of the Company's consolidated financial statements include estimates related to:

- fair value assessments on acquired identifiable assets and obligations;
- future revenue projections used in determining amortization of film investments;
- the recoverability of long-lived assets including property, plant and equipment, program and film rights, film investments, goodwill, broadcast licenses and intangible assets;
- determining fair value of share-based compensation;
- certain actuarial and economic assumptions used in determining defined benefit pension costs, accrued pension benefit obligations, pension plan assets, and accrued supplemental post-employment benefit plan obligations;
- the estimated useful lives of assets; and
- income tax provisions and uncertain income tax positions in each of the jurisdictions in which the Company operates.

The most significant judgments made by management in the preparation of the Company's consolidated financial statements include judgments related to:

- assessments about whether line items are sufficiently material to warrant separate presentation in the primary financial statements and, if not, whether they are sufficiently material to warrant separate presentation in the consolidated financial statement notes;
- identifying CGUs;
- the allocation of net assets, including shared corporate and administrative assets, to the Company's CGUs when determining their carrying amounts;
- determining that broadcast licenses have indefinite lives;
- determining control for purposes of consolidation of an investment; and
- determining income tax rates for recognition of deferred income tax on broadcast licenses.

The significant assumptions that affect these estimates and judgments in the application of accounting policies are noted throughout these consolidated financial statements.

CHANGES IN ACCOUNTING POLICIES

There have been no standards issued by the IASB that took effect in the current year.

PENDING ACCOUNTING CHANGES

IFRS 9 — *Financial Instruments: Classification and Measurement*

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

IFRS 15 – *Revenue from Contracts with Customers*

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

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

In May 2014, the IASB issued amendments to IAS 16 and IAS 38, prohibiting the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortization for intangible assets. These amendments are effective for annual periods beginning on or after January 1, 2016, which will be September 1, 2016 for Corus and is to be applied prospectively. The Company has reviewed these standards and determined there is no material impact on the consolidated financial statements.

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 on to the balance sheet for lessees. This standard is effective for annual reporting periods beginning on or after January 1, 2019, which will be September 1, 2019 for Corus and is to be applied retrospectively. The Company has not yet determined the impact on its consolidated financial statements.

4. ACCOUNTS RECEIVABLE

	2016	2015
Trade	**357,503**	155,232
Other	**25,734**	12,523
	383,237	167,755
Less allowance for doubtful accounts	**3,376**	3,155
	379,861	164,600

5. INVESTMENTS AND OTHER ASSETS

	Investments in associates	Other assets	Total
Balance - August 31, 2014	8,587	22,060	30,647
Increase in investment	10,884	7,717	18,601
Equity loss in associates *(note 20)*	(3,299)	—	(3,299)
Return of capital from venture funds	—	(2,569)	(2,569)
Fair value adjustment	—	(422)	(422)
Balance - August 31, 2015	16,172	26,786	42,958
Increase in investment	5,244	6,919	12,163
Equity loss in associates *(note 20)*	(5,933)	—	(5,933)
Return of capital	—	(1,684)	(1,684)
Dispositions	—	(697)	(697)
Fair value adjustment	—	(48)	(48)
Balance - August 31, 2016	**15,483**	**31,276**	**46,759**

INVESTMENTS IN ASSOCIATES

In assessing the level of control or influence that the Company has over an investment, management considers ownership percentages, board representation, as well as other relevant provisions in shareholder agreements. The Company exercises significant influence over the following investments which have been accounted for using the equity method and are included in investments in associates:

KIN (formerly Digital Entertainment Company of America)

KIN is a digital media production company structured around digital video content, its creators, and the platforms that enable the creation and distribution of content. KIN owns and operates KIN Community, a women-targeted multi-channel network on YouTube, KIN Studios and a portfolio of brands.

Fingerprint Digital Inc.

Fingerprint is a technology company providing a turnkey mobile solution to content creators and distributors seeking to link mobile offerings within one branded network. Its focus is educational gaming platforms for kids and their parents across any connected device.

SoCast Inc. (formerly Supernova Interactive Inc.)

SoCast Inc. is a digital media company that develops and creates software service platforms, including its social relationship management platform for entertainment companies.

The following amounts represent the Company's share in the financial position and results of operations of the associates:

	2016	2015
Assets	**19,833**	18,372
Liabilities	**4,350**	2,200
Net assets	**15,483**	16,172

(for the years ended August 31)	2016	2015
Revenues	**8,834**	4,397
Expenses	**14,767**	7,696
Net loss for the year	**(5,933)**	(3,299)

OTHER

Other is primarily comprised of investments in venture funds totaling $26,968 (2015 — $21,194). These venture funds invest in early stage growth companies that are pursuing opportunities in technology, mobile media and consumer sectors. These investments are carried at cost, since reliable estimates of fair value are not determinable.

6. PROPERTY, PLANT AND EQUIPMENT

	Land	Broadcasting and computer equipment	Buildings and leasehold improvements	Furniture and fixtures	Other	Total
Cost						
Balance - August 31, 2014	5,539	146,290	107,071	18,759	4,560	282,219
Additions	—	11,014	3,797	388	1,727	16,926
Disposals and retirements	—	(32,059)	(686)	(1,377)	(215)	(34,337)
Balance - August 31, 2015	5,539	125,245	110,182	17,770	6,072	264,808
Additions	—	14,369	5,985	664	1,900	22,918
Acquisitions *(note 27)*	29,876	76,666	46,355	5,016	2,962	160,875
Disposals and retirements	—	(506)	(1,546)	(78)	(72)	(2,202)
Balance - August 31, 2016	**35,415**	**215,774**	**160,976**	**23,372**	**10,862**	**446,399**

	Land	Broadcasting and computer equipment	Buildings and leasehold improvements	Furniture and fixtures	Other	Total
Accumulated depreciation						
Balance - August 31, 2014	—	96,057	29,877	11,365	1,302	138,601
Depreciation	—	12,241	5,297	2,453	63	20,054
Disposals and retirements	—	(31,039)	(461)	(1,335)	(152)	(32,987)
Balance - August 31, 2015	—	77,259	34,713	12,483	1,213	125,668
Depreciation	—	28,384	8,588	2,666	550	40,188
Disposals and retirements	—	(1,014)	(454)	(47)	(47)	(1,562)
Balance - August 31, 2016	**—**	**104,629**	**42,847**	**15,102**	**1,716**	**164,294**
Net book value						
August 31, 2015	5,539	47,986	75,469	5,287	4,859	139,140
August 31, 2016	**35,415**	**111,145**	**118,129**	**8,270**	**9,146**	**282,105**

Included in property, plant and equipment are assets under finance lease with a cost of $26,167 at August 31, 2016 (2015 — $26,526) and accumulated depreciation of $21,501 (2015 — $19,489).

7. PROGRAM AND FILM RIGHTS

Balance - August 31, 2014	330,437
Additions	222,586
Transfers from film investments *(note 8)*	7,011
Impairment charges	(30,678)
Amortization	(213,457)
Balance - August 31, 2015	315,899
Additions	454,824
Transfers from film investments *(note 8)*	5,897
Acquisitions *(note 27)*	287,631
Disposals *(note 27)*	(68,683)
Amortization	(313,300)
Balance - August 31, 2016	**682,268**

	2016	2015
Cost	**1,059,392**	1,021,096
Accumulated amortization	**377,124**	705,197
Net book value	**682,268**	315,899

The Company expects that approximately 40% of the net book value of program and film rights will be amortized during the year ending August 31, 2017. The Company expects the net book value of program and film rights to be amortized by September 2023.

During the third quarter of fiscal 2015, the Company undertook a strategic, in depth review of the television programming slate to determine what programming will best position the Company's television services in the new regulatory environment. Programs that were not delivering adequate audience ratings were considered impaired and were written down accordingly. As a result, the Company recorded non-cash impairment charges in program rights of $30,678 in the third quarter of fiscal 2015. These charges are excluded from the determination of segment profit.

8. FILM INVESTMENTS

The following table sets out the continuity for film investments, which include the Company's internally produced proprietary film and television programs, acquired distribution rights and third-party-produced equity film investments:

Balance - August 31, 2014	63,455
Additions	43,650
Tax credit accrual	(14,586)
Transfer to program and film rights *(note 7)*	(7,011)
Impairment charges	(21,108)
Amortization	(27,851)
Balance - August 31, 2015	36,549
Additions	39,208
Tax credit accrual	(2,828)
Transfer to program and film rights *(note 7)*	(5,897)
Impairment recovery *(note 20)*	822
Amortization	(22,690)
Balance - August 31, 2016	**45,164**

	2016	2015
Cost	**997,931**	981,341
Accumulated amortization	**952,767**	944,792
Net book value	**45,164**	36,549

The Company expects that approximately 29% of the net book value of film investments will be amortized during the year ending August 31, 2017. The Company expects the net book value of film investments to be fully amortized by August 2025.

During the third quarter of fiscal 2015, the Company undertook a strategic, in depth review of film investments and, as a result, certain film investments were considered impaired and written down accordingly. These film investments, primarily related to equity film investments made by the Pay TV business, and certain boys action properties from Nelvana which are no longer supported by merchandising sales as the current lifecycle of the toy properties had ended. As a result, the Company recorded non-cash impairment charges in program rights and film investments of $21,108 in the third quarter of fiscal 2015. These charges are excluded from the determination of segment profit.

9. INTANGIBLES

Intangible assets are comprised of broadcast licenses, software, patents, customer lists, brand names, trade marks and digital rights.

The changes in the book value of intangibles for the year ended August 31, 2016, were as follows:

	Broadcast[(1)] Licenses	**Other[(2)] Intangibles**	**Total**
Balance - August 31, 2014	979,984	16,983	996,967
Increase in investment	—	8,070	8,070
Impairments *(note 11)*	(23,000)	—	(23,000)
Amortization	—	(7,422)	(7,422)
Balance - August 31, 2015	956,984	17,631	974,615
Net additions	—	122,621	122,621
Acquisitions *(note 27)*	78,300	987,540	1,065,840
Disposals *(note 27)*	(50,395)	(2,662)	(53,057)
Amortization	—	(33,782)	(33,782)
Balance - August 31, 2016	**984,889**	**1,091,348**	**2,076,237**

(1) Broadcast licenses are located in Canada.
(2) Other intangibles are comprised of brands, trade marks and software.

At August 31, 2016, other intangibles with a finite life consisted of:

	2016	2015
Cost	**247,483**	37,719
Accumulated amortization	**82,933**	20,089
Net book value	**164,550**	17,630

The Company expects that 25% of the net book value of intangible assets will be amortized during the year ending August 31, 2017. The Company expects the net book value of intangible assets with a finite life to be amortized by August 2022.

Indefinite life intangibles, such as broadcast licenses, are tested for impairment annually as at August 31 or more frequently if events or changes in circumstances indicate that they may be impaired. At August 31, 2016, the Company performed its annual impairment test for fiscal 2016 and determined that there were no impairments for the year then ended on indefinite life intangibles.

During the second quarter of fiscal 2015, the Company concluded that an interim test for the Radio segment and a broadcast license impairment test for certain CGUs in Radio were required. As a result of these tests, the Company recorded broadcast license impairment charges of $23,000 in the second quarter of fiscal 2015, as certain radio clusters had actual results that fell short of previous estimates and the outlook for these markets was less robust.

10. GOODWILL

The changes in the book value of goodwill for the year ended August 31, 2016, were as follows:

	Total
Balance - August 31, 2014	934,859
Impairments *(note 11)*	(107,000)
Balance - August 31, 2015	827,859
Acquisitions *(note 27)*	1,617,304
Dispositions *(note 27)*	(54,511)
Balance - August 31, 2016	**2,390,652**

Goodwill is located primarily in Canada.

Goodwill is tested for impairment annually as at August 31, or more frequently if events or changes in circumstances indicate that it may be impaired. At August 31, 2016, the Company performed its annual impairment test for fiscal 2016 and determined that there were no impairments for the year then ended.

During the second quarter of fiscal 2015, the Company concluded that an interim impairment test was required for goodwill for the Radio segment CGU. As a result of this test, the Company recorded a goodwill impairment charge of $107,000 in fiscal 2015, as the Radio CGU had actual results that fell short of previous estimates and the outlook for the market was less robust.

11. IMPAIRMENT TESTING

At each reporting date, the Company is required to assess its 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 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.

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 FVLCS and its 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.

The Company has determined the VIU calculation is higher than FVLCS and, therefore, the recoverable amount for all CGUs or groups of CGUs is based on VIU with the exception of three Radio CGUs.

In determining FVLCS, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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 perpetuity growth rate. The 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), future levels of capital expenditures and discount rates.

Segment profit growth rates and future levels of capital expenditures 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 most recent financial budgets approved by the Company's Board of Directors and management forecasts generally covering a period of five years with growth rate assumptions over this period. For longer periods, a terminal growth rate is determined and applied to project future cash flows after the fifth year.

- 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 following periods were:

	2016	2015
Television		
Managed brands		
Pre-tax discount rate	**11.0% — 13.0%**	11.0% — 13.0%
Earnings growth rate	**3.9% — 8.7%**	1.0% — 11.3%
Terminal growth rate	**2.0%**	2.0%
Other		
Pre-tax discount rate	**11.0% — 13.0%**	11.0% — 13.0%
Earnings growth rate	**3.4% — 6.8%**	1.0% — 11.3%
Terminal growth rate	**2.0%**	2.0%
Radio		
Pre-tax discount rate	**13.0% — 16.0%**	13.0% — 16.0%
Earnings growth rate	**0.0% — 10.6%**	0.0% — 5.3%
Terminal growth rate	**2.0%**	2.0%

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to the recoverable amount and the reduction is recorded as an impairment loss in the consolidated statements of income and comprehensive income.

If the recoverable amount of the CGU or group of CGUs is less than its carrying amount, an impairment loss is recognized. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU or group of CGUs and then to the other assets of the CGU or group of CGUs pro rata on the basis of the carrying amount for each asset in the CGU or group of CGUs. The individual assets in the CGU cannot be written down below the higher of FVLCS and VIU, if determinable.

Except for goodwill, a previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of income and comprehensive income.

The Company has completed its annual impairment testing of goodwill and intangible assets for fiscal 2016. 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.

In the second quarter of fiscal 2015, operating results in the Radio segment fell below previous estimates, as the Radio segment experienced a soft advertising market and ratings challenges in some markets. As well, the overall radio advertising market experienced a year-over-year decline in the quarter and on a year-to-date basis, causing the Company to lower its cash flow projections to reflect a weaker near term outlook. As a result, the Company determined an interim impairment assessment needed to be done on certain broadcast licenses, as well as goodwill in the Radio segment group of CGUs overall. The Company determined that there were broadcast license impairments in three Radio CGUs in Ontario and one in British Columbia. For three CGUs, the Company used VIU to determine the recoverable amount, which resulted in an impairment charge of $19,500, while FVLCS was used for the remaining CGU, which resulted in an impairment charge of $3,500 that reduced the carrying value of these CGUs to their recoverable amount. The recoverable amount for the Radio segment group of CGUs' overall goodwill impairment test was based on VIU which resulted in an impairment charge of $107,000 based on the conclusions stated in the preceding paragraph. The recoverable amount of these CGUs after the impairment charges was $246,600.

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 goodwill impairment test, would not have resulted in a material change in either the broadcast license or goodwill impairment in the Radio segment.

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

	2016	2015
Broadcast licenses		
Television		
Managed brands *(note 27)*	**852,905**	825,000
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]	**28,290**	28,290
	984,889	956,984

	2016	2015
Goodwill		
Television *(note 27)*	**2,323,553**	760,760
Radio	**67,099**	67,099
	2,390,652	827,859

[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 total broadcast license balance.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	2016	2015
Trade accounts payable and accrued liabilities	**183,141**	77,640
Program rights payable	**155,393**	107,842
Trade marks and distribution rights	**15,833**	3,006
Film investment accruals	**98**	2,752
Dividends payable	**37,316**	16,561
Financing lease accruals	**1,586**	3,170
	393,367	210,971

13. PROVISIONS

The Company recorded business acquisition, integration and restructuring charges of $57,198 (2015 – $19,032) primarily related to severance and employee related costs as a result of changes to the management structure and business operations. The Company anticipates that the balance at August 31, 2016 will be substantially paid by fiscal 2017.

The continuity for provisions is as follows:

	2016	2015
Restructuring		
Balance, beginning of year	**10,324**	5,295
Additions	**29,093**	17,432
Payments	**(18,611)**	(14,003)
Total restructuring provision	**20,806**	8,724
Other	**584**	206
Total current provision balance, end of year	**21,390**	8,930

14. LONG-TERM DEBT

	2016	2015
Bank loans	**2,218,055**	258,968
Senior unsecured guaranteed notes ("Notes")	**—**	550,000
Unamortized financing fees	**(22,035)**	(7,966)
	2,196,020	801,002
Less: current portion of bank loans	**(115,000)**	(150,000)
	2,081,020	651,002

Interest rates on the balance of the bank loans fluctuate with Canadian bankers' acceptances and/or LIBOR. As at August 31, 2016, the weighted average interest rate on the outstanding bank loans and Notes was 4.7% (2015 – 3.9%). Interest on the bank loans and Notes averaged 4.6% for fiscal 2016 (2015 – 4.1%).

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, 2016.

CREDIT FACILITIES

A syndicate of lenders has provided Corus with a senior secured revolving facility (the "Revolving Facility") and a senior secured term credit facility (the "Term Facility") under the Facility.

In connection with the closing of the acquisition of Shaw Media Inc. (the "Acquisition" or "Shaw Media") described in note 27, 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. The Term Facility and Revolving Facility replace Corus' previous credit facilities and were established pursuant to a fourth amended and restated credit agreement dated as of April 1, 2016.

Term Facility

The Term Facility consists of two tranches, with the first tranche being in the initial amount of $766.7 million and having a maturity of April 1, 2019, and the second tranche being in the initial amount of $1,533.3 million and having a maturity of April 1, 2021. The Term Facility was available in a single Canadian dollar drawdown, and net proceeds from the Term Facility, after deducting related fees and expenses, were used (together with the net proceeds from the public equity offering and the concurrent private placement) to finance the Acquisition, to prepay the amount outstanding under its existing credit facilities and to redeem the Notes.

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, increasing to 1.875% per quarter commencing with the November 30, 2017 instalment and, in the case of the second tranche, to 2.5% per quarter commencing with the November 30, 2019 instalment.

Revolving Facility

The $300.0 million Revolving Facility matures on April 1, 2020. 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, 2016, $300.0 million of the Revolving Facility was available.

Previous Credit Facilities

On February 25, 2015, the Company's credit agreement was amended to extend the maturity date of the Revolving Facility which consisted of a committed credit of $500.0 million from February 11, 2017 to February 25, 2019.

On February 3, 2014, the Company's credit agreement was amended and restated to establish a two year $150.0 million Term Facility, which was incremental to the existing $500.0 million Revolving Facility. The $150.0 million Term Facility matured on February 3, 2016 and was repaid in full on that date.

The previous credit facilities, as noted above, were replaced by the Term Facility and Revolving Facility under the Amended and Restated Credit Agreement dated April 1, 2016.

SWAP AGREEMENTS

On May 31, 2016, the Company entered into Canadian interest rate swap agreements to fix 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. 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. The estimated fair value of these agreements at August 31, 2016 is $14.4 million, which has been recorded in the consolidated statements of financial position as a liability. The effectiveness of the hedging relationship is reviewed on a quarterly basis.

On February 3, 2014, the Company entered into Canadian dollar interest rate swap agreements to fix the interest rate on the $150.0 million Term Facility at 1.375%, plus an applicable margin, to February 3, 2016. This hedge was wound up on February 3, 2016.

REDEMPTION OF 4.25% SENIOR UNSECURED GUARANTEED NOTES DUE 2020

On April 18, 2016, the Company redeemed all of its outstanding $550.0 million 4.25% senior unsecured guaranteed notes due 2020 (the "2020 Notes"). This redemption included accrued and unpaid interest on the 2020 Notes up to, but excluding the redemption premium of $52.6 million as well as the write-off of unamortized financing charges of $4.8 million.

15. OTHER LONG-TERM LIABILITIES

	2016	2015
Program rights payable	**303,779**	54,094
Trademark liabilities	**76,127**	3,006
Long-term employee obligations	**61,111**	27,092
Public benefits associated with acquisitions	**22,464**	26,116
Merchandising and intangibles liabilities	**26,290**	3,073
Deferred leasehold inducements	**18,164**	16,730
Derivative fair value *(note 14)*	**14,383**	435
Unearned revenue	**8,519**	6,147
Asset retirement obligations	**8,015**	—
Finance lease accrual	**820**	2,140
	539,672	138,833

16. 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.

Class A Voting Shares are convertible at any time into an equivalent number of Class B Non-Voting Shares. The Class B Non-Voting Shares are convertible into an equivalent number of Class A Voting Shares in limited circumstances.

The Class A Preferred Shares are redeemable at any time at the demand of Corus and retractable at any time at the demand of a holder of a Class A Preferred Share for an amount equal to the consideration received by Corus at the time of issuance of such Class A Preferred Shares. Holders of Class A Preferred Shares are entitled to receive a non-cumulative dividend at such rate as Corus' Board of Directors may determine on the redemption amount of the Class A Preferred Shares. Each of the Class 1 Preferred Shares, the Class 2 Preferred Shares, the Class A Voting Shares and the Class B Non-Voting Shares rank junior to and are subject in all respects to the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class A Preferred Shares in connection with the payment of dividends.

The Class 1 and Class 2 Preferred Shares are issuable in one or more series with attributes designated by the Board of Directors. The Class 1 Preferred Shares rank senior to the Class 2 Preferred Shares.

In the event of liquidation, dissolution or winding-up of the Company or other distribution of assets of the Company for the purpose of winding up its affairs, the holders of Class A Preferred Shares are entitled to a payment in priority to all other classes of shares of the Company to the extent of the redemption amount of the Class A Preferred Shares, but will not be entitled to any surplus in excess of that amount. The remaining property and assets will be available for distribution to the holders of the Class A Voting Shares and Class B Non-Voting Shares, which shall be paid or distributed equally, share for share, between the holders of the Class A Voting Shares and the Class B Non-Voting Shares, without preference or distinction.

No Class A Preferred Shares, Class 1 Preferred Shares or Class 2 Preferred Shares are outstanding at August 31, 2016.

CLASS B SHARE SUBSCRIPTION RECEIPTS

In connection with the Acquisition (note 27), on February 3, 2016, Corus completed a public equity offering (the "Equity Offering") of 25.40 million subscription receipts of Corus (the "Subscription Receipts") at a price of $9.00 per Subscription Receipt, for gross proceeds of approximately $228.6 million. On February 5, 2016, the underwriters in the Equity Offering exercised their option to purchase an additional 3.81 million Subscription Receipts at a price of $9.00 per Subscription Receipt, for additional gross proceeds of approximately $34.3 million, representing total gross proceeds from the Equity Offering of $262.9 million. Concurrently with the closing of the Equity Offering, on February 3, 2016, the Shaw family also purchased 3.56 million Subscription Receipts on a private placement basis (the "Concurrent Private Placement") from Corus at a price of $9.00 per Subscription Receipt, for gross proceeds of $32.0 million. Issuance costs, net of tax of $8.9 million and a subscription receipt adjustment payment of $6.2 million were incurred, resulting in net proceeds of $279.8 million.

The Class B Non-Voting Shares underlying the Subscription Receipts were issued on April 1, 2016 in connection with the completion of the Acquisition and the net proceeds from the Equity Offering and the Concurrent Private Placement (including accrued interest thereon) were applied by Corus to partially fund the cash consideration for the Acquisition.

ISSUED AND OUTSTANDING

	Class A Voting Shares		Class B Non-Voting Shares		Total
	#	$	#	$	$
Balance – August 31, 2014	3,428,292	26,549	82,335,593	940,781	967,330
Conversion of Class A Voting Shares to Class B Non-Voting Shares	(2,500)	(20)	2,500	20	—
Issuance of shares under stock option plan	—	—	320,200	6,741	6,741
Issuance of shares under dividend reinvestment plan	—	—	1,096,494	20,500	20,500
Balance - August 31, 2015	3,425,792	26,529	83,754,787	968,042	994,571
Issuance of shares under public equity offering, net of issuance costs *(note 27)*	—	—	32,770,000	279,762	279,762
Issuance of shares to related party *(note 27)*	—	—	71,364,853	833,541	833,541
Issuance of shares under dividend reinvestment plan	—	—	5,108,359	60,669	60,669
Balance - August 31, 2016	**3,425,792**	**26,529**	**192,997,999**	**2,142,014**	**2,168,543**

EARNINGS (LOSSES) PER SHARE

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

	2016	2015
Net income (loss) attributable to shareholders (numerator)	**125,931**	(25,154)
Weighted average number of shares outstanding (denominator)		
Weighted average number of shares outstanding - basic	**131,783**	86,441
Effect of dilutive securities	**75**	38
Weighted average number of shares outstanding - diluted	**131,858**	86,479

The calculation of diluted earnings (losses) per share for fiscal 2016 excluded 2,509 (2015 – 2,161) weighted average Class B Non-Voting Shares issuable under the Company's Stock Option Plan because these options were not "in-the-money".

STOCK OPTION PLAN

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

A summary of the changes to the stock options outstanding is presented as follows:

	Number of options (#)	Weighted average exercise price per share ($)
Outstanding - August 31, 2014	2,561,373	21.33
Granted	742,600	22.86
Exercised	(320,200)	17.66
Forfeited or expired	(422,900)	22.95
Outstanding - August 31, 2015	2,560,873	21.97
Granted	1,293,400	10.63
Forfeited or expired	(100,400)	15.31
Outstanding - August 31, 2016	**3,753,873**	**18.24**

As at August 31, 2016, the options outstanding and exercisable consist of the following:

	Options outstanding			Options exercisable	
Range of excercise price ($)	Number outstanding (#)	Weighted average remaining contractual life (years)	Weighted average exercise price ($)	Number outstanding (#)	Weighted average exercise price ($)
10.38 - 11.50	1,117,300	6.9	10.38	—	—
11.51 - 20.80	669,673	3.6	17.64	485,323	19.13
20.81 - 22.16	595,900	3.2	22.00	446,925	22.00
22.17 - 23.47	708,200	4.1	22.91	373,475	22.60
23.48 - 25.40	662,800	3.9	23.72	331,400	23.72
	3,753,873	**4.6**	**18.24**	**1,637,123**	**21.63**

The fair value of each option granted has been estimated on the date of the grant using the Black-Scholes option pricing model. The estimated fair value of the options is amortized to income over the options' vesting period on a straight-line basis. In fiscal 2016, the Company has recorded share-based compensation expense of $973 (2015 – $2,176). This charge has been credited to contributed surplus. Unrecognized share-based compensation expense at August 31, 2016 related to the Plan was $679 (2015 – $1,159).

The fair value of each option granted in fiscals 2016 and 2015 was estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions:

Granted in the fourth quarter of fiscal 2016 and vesting in fiscal:	**2017**	**2018**	**2019**	**2020**
Fair value	$ 0.79	$ 0.79	$ 0.48	$ 0.88
Risk-free interest rate	0.7%	0.7%	0.7%	0.6%
Expected dividend yield	9.0%	9.0%	9.0%	9.0%
Expected share price volatility	27.0%	27.0%	22.1%	27.6%
Expected time until exercise (years)	6	6	6	5

Granted in the second quarter of fiscal 2016 and vesting in fiscal:	**2017**	**2018**	**2019**	**2020**
Fair value	$ 0.24	$ 0.36	$ 0.25	$ 0.28
Risk-free interest rate	0.9%	0.9%	0.9%	1.0%
Expected dividend yield	10.9%	10.9%	10.9%	10.9%
Expected share price volatility	21.4%	24.9%	22.3%	23.3%
Expected time until exercise (years)	6	6	7	7

Granted in the third quarter of fiscal 2015 and vesting in fiscal:	**2016**	**2017**	**2018**	**2019**
Fair value	$ 1.21	$ 1.20	$ 1.43	$ 1.79
Risk-free interest rate	1.0%	1.0%	1.0%	1.1%
Expected dividend yield	6.5%	6.5%	6.5%	6.5%
Expected share price volatility	21.8%	21.8%	24.0%	27.2%
Expected time until exercise (years)	6	6	7	7

Granted in the first quarter of fiscal 2015 and vesting in fiscal:	**2016**	**2017**	**2018**	**2019**
Fair value	$ 2.63	$ 2.80	$ 3.03	$ 3.31
Risk-free interest rate	1.6%	1.6%	1.6%	1.6%
Expected dividend yield	4.7%	4.7%	4.7%	4.7%
Expected share price volatility	22.5%	23.4%	24.7%	26.2%
Expected time until exercise (years)	6	6	6	7

The expected life of the options is based on historical data and current expectations, and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

On October 20, 2016, the Company granted a further 1,613,000 options for Class B Non-Voting Shares to eligible officers and employees of the Company. These options are exercisable at $11.60 per share.

DIVIDENDS

The holders of Class A Voting Shares and Class B Non-Voting Shares are entitled to receive such dividends as the Board of Directors determines to declare on a share-for-share basis, as and when any such dividends are declared or paid. The holders of Class B Non-Voting Shares are entitled to receive during each dividend period, in priority to the payment of dividends on the Class A Voting Shares, a dividend which is $0.005 per share per annum higher than that received on the Class A Voting Shares. This higher dividend rate is subject to proportionate adjustment in the event of future consolidations or subdivisions of shares and in the event of any issue of shares by way of stock dividend. After payment or setting aside for payment of the additional non-cumulative dividends on the Class B Non-Voting Shares, holders of Class A Voting Shares and Class B Non-Voting Shares participate equally, on a share-for-share basis, on all subsequent dividends declared.

Date of record	Date paid	Class A Amount paid	Class B Amount paid
September 15, 2015	September 30, 2015	**$0.094583**	**$0.095000**
October 15, 2015	October 30, 2015	**$0.094583**	**$0.095000**
November 16, 2015	November 30, 2015	**$0.094583**	**$0.095000**
December 15, 2015	December 30, 2015	**$0.094583**	**$0.095000**
January 15, 2016	January 29, 2016	**$0.094583**	**$0.095000**
February 15, 2016	February 29, 2016	**$0.094583**	**$0.095000**
March 15, 2016	March 31, 2016	**$0.094583**	**$0.095000**
April 15, 2016	April 29, 2016	**$0.094583**	**$0.095000**
May 16, 2016	May 31, 2016	**$0.094583**	**$0.095000**
June 15, 2016	June 30, 2016	**$0.094583**	**$0.095000**
July 15, 2016	July 29, 2016	**$0.094583**	**$0.095000**
August 15, 2016	August 31, 2016	**$0.094583**	**$0.095000**
		$1.134996	**$1.140000**
Dividend yield of Class B shares			**9.28%**

Date of record	Date paid	Class A Amount paid	Class B Amount paid
September 15, 2014	September 30, 2014	$0.090417	$0.090833
October 15, 2014	October 31, 2014	$0.090417	$0.090833
November 14, 2014	November 28, 2014	$0.090417	$0.090833
December 15, 2014	December 30, 2014	$0.090417	$0.090833
January 15, 2015	January 30, 2015	$0.090417	$0.090833
February 13, 2015	February 27, 2015	$0.094583	$0.095000
March 16, 2015	March 31, 2015	$0.094583	$0.095000
April 15, 2015	April 30, 2015	$0.094583	$0.095000
May 15, 2015	May 29, 2015	$0.094583	$0.095000
June 15, 2015	June 30, 2015	$0.094583	$0.095000
July 15, 2015	July 31, 2015	$0.094583	$0.095000
August 17, 2015	August 31, 2015	$0.094583	$0.095000
		$1.114166	$1.119165
Dividend yield of Class B shares			7.83%

The total amount of dividends declared in fiscal 2016 was $171,125 (2015 - $97,711).

On October 19, 2016, the Company declared dividends of $0.094583 per Class A Voting Share and $0.095000 per Class B Non-Voting Share payable on each of November 30, 2016, December 30, 2016 and January 31, 2017 to the shareholders of record at the close of business on November 15, 2016, December 15, 2016 and January 16, 2017, respectively.

SHARE-BASED COMPENSATION

The following table provides additional information on the employee PSUs, DSUs and RSUs:

	PSUs #	DSUs #	RSUs #
Balance - August 31, 2014	954,464	861,302	142,313
Additions	351,465	104,979	60,595
Deemed dividend equivalents	48,906	49,217	—
Forfeitures	(89,453)	(217,233)	(7,320)
Payments	(309,486)	(57,927)	(46,020)
Balance - August 31, 2015	955,896	740,338	149,568
Additions	392,777	144,744	165,660
Deemed dividend equivalents	86,865	143,118	13,275
Forfeitures	(76,713)	—	(47,667)
Payments	(332,891)	(25,833)	(43,353)
Balance - August 31, 2016	**1,025,934**	**1,002,367**	**237,483**

Share-based compensation expense recorded for the fiscal year in respect of these plans was $3,223 (2015 – $1,147). As at August 31, 2016, the carrying value of these units at the end of the fiscal year that have vested multiplied by the closing share price at the end of the year was $20,869 (2015 – $19,820).

DIVIDEND REINVESTMENT PLAN (“DRIP”)

The Company’s Board of Directors has approved a discount of 2% for Class B Non-Voting Shares issued from treasury pursuant to the terms of its Dividend Reinvestment Plan. In the fiscal 2016, the Company issued 5,108,360 Class B Non-Voting Shares, resulting in an increase in share capital of $60,669.

On April 1, 2016, as part of the Shaw Media acquisition (the “Acquisition”), the Company issued 71,364,853 Class B Non-Voting Shares (the “Consideration Shares”) to Shaw Communications Inc. (“Shaw”) (refer to note 27). As part of the Acquisition, Shaw had agreed that it would, upon the closing of the Acquisition, enroll all of the Consideration Shares in Corus’ existing DRIP. Shaw will continue to participate in the Corus DRIP until the earlier of: (a) September 1, 2017; and (b) the date such Consideration Shares are no longer subject to hold restrictions under the Governance and Investor Rights Agreement. Subject to applicable laws, from the Closing Date until the date that is 24 months following the Closing Date, Corus has agreed that no amendments will be made to the share price discount under the DRIP (currently a 2% share price discount). Shares issued to Shaw pursuant to the DRIP will not be subject to restrictions on transfer.

17. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Unrealized foreign currency translation adjustment	Unrealized change in fair value of available-for-sale investments	Unrealized change in fair value of cash flow hedges	Actuarial gains (losses) on defined benefit plans	Total
Balance - August 31, 2014	2,987	832	(52)	—	3,767
Items that may be subsequently reclassified to income:					
Amount	4,158	(422)	(362)	—	3,374
Income tax	—	116	96	—	212
	4,158	(306)	(266)	—	3,586
Items that will never be subsequently reclassified to income:					
Amount	—	—	—	934	934
Income tax	—	—	—	(248)	(248)
	—	—	—	686	686
Transfer to retained earnings	—	—	—	(686)	(686)
Balance - August 31, 2015	7,145	526	(318)	—	7,353
Items that may be subsequently reclassified to income:					
Amount	(49)	(40)	(13,950)	—	(14,039)
Income tax	—	17	3,697	—	3,714
	7,096	503	(10,571)	—	(2,972)
Transfer to net income	—	(597)	—	—	(597)
Items that will never be subsequently reclassified to income:					
Amount	—	—	—	(4,746)	(4,746)
Income tax	—	—	—	1,257	1,257
	—	—	—	(3,489)	(3,489)
Transfer to retained earnings	—	—	—	3,489	3,489
Balance - August 31, 2016	**7,096**	**(94)**	**(10,571)**	**—**	**(3,569)**

18. DIRECT COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES

	2016	2015
Direct cost of sales		
Amortization of program and film rights[1]	**313,300**	213,457
Amortization of film investments	**22,690**	27,851
Other cost of sales	**22,450**	24,802
General and administrative expenses		
Employee costs	**232,583**	149,182
Other general and administrative	**169,277**	122,836
	760,300	538,128

[1] Certain of Corus' Pay Television business ("Pay TV") assets and liabilities were reclassified as held for disposal effective November 19, 2015. The Pay TV operating results remained in operations, however, amortization of program rights ceased on that date and as a consequence, amortization is lower for the year ended August 31, 2016 by $15.6 million.

19. INTEREST EXPENSE

	2016	2015
Interest on long-term debt	**63,340**	34,558
Imputed interest on long-term liabilities	**45,429**	14,620
Other	**2,093**	1,758
	110,862	50,936

20. OTHER EXPENSE (INCOME), NET

	2016	2015
Interest income	**(827)**	(225)
Foreign exchange loss (gain)	**(339)**	5,034
Equity loss of associates	**5,933**	3,299
Film investment recovery	**(822)**	—
Venture fund distribution	**(533)**	(16,964)
Other	**5,340**	(1,261)
	8,752	(10,117)

During the first quarter of 2016, the Company received cash proceeds of $1,684 relating to the disposal of an investment, of which $1,151 relates to a return on capital, resulting in a gain of $533.

During the second quarter of 2015, the Company received cash proceeds of $18,490 relating to the disposal of an investment, of which $1,526 related to a return on capital, resulting in a gain of $16,964.

21. INCOME TAXES

The significant components of income tax expense are as follows:

	2016	2015
Current income tax expense	**64,129**	33,963
Deferred income tax expense:		
Resulting from temporary differences	**(13,625)**	1,168
Resulting from the recognition of tax losses	**(9,626)**	(4,673)
Resulting from tax rate changes	**(90)**	442
Resulting from the creation (reversal) of various future tax reserves	**898**	98
Other	**(111)**	(5)
Income tax expense reported in the consolidated statements of income and comprehensive income	**41,575**	30,993

A reconciliation of income tax computed at the statutory tax rates to income tax expense is as follows:

	2016		2015	
	$	%	$	%
Income tax at combined federal and provincial rates:	**48,998**	**26.5%**	3,047	26.5%
Difference from statutory rates relating to:				
(Income)/loss subject to income tax at less than statutory rates	**8**	**0.0%**	1,902	16.5%
Non-taxable portion of capital gains	**(27,945)**	**(15.1%)**	(2,236)	(19.5%)
Goodwill	**14,402**	**7.8%**	28,394	247.0%
Transaction costs	**4,445**	**2.4%**	(465)	(4.1%)
Increase (recovery) of various tax reserves	**235**	**0.1%**	(1,570)	(13.7%)
Increase in deferred taxes from statutory rate changes	**(90)**	**0.0%**	442	3.8%
Miscellaneous differences	**1,522**	**0.8%**	1,479	12.9%
	41,575	**22.5%**	30,993	269.7%

The movement in the net deferred tax asset (liability) was as follows:

	Broadcast licenses and other intangibles $	Accrued compen-sation $	Fixed assets and film assets $	Program rights $	Non-capital loss carry forwards $	Invest-ments $	Financing and debt retire-ment $	Other $	Total $
Balance - August 31, 2014	(262,505)	12,465	13,916	8,712	4,360	(597)	2,045	7,078	(214,526)
Recognized in profit or loss	4,277	(1,503)	900	(2,575)	4,672	(1,613)	(1,313)	126	2,971
Recognized in OCI	—	(248)	—	—	—	116	96	—	(36)
Recognized in equity	—	—	—	—	—	—	—	(56)	(56)
Balance - August 31, 2015	(258,228)	10,714	14,816	6,137	9,032	(2,094)	828	7,148	(211,647)
Recognized in profit or loss	12,719	3,081	3,451	(12,992)	9,626	1,352	8,758	(3,441)	22,554
Recognized in OCI	—	1,258	—	—	—	104	3,696	—	5,058
Recognized in equity	—	—	—	—	—	—	3,230	—	3,230
Acquisitions	(263,487)	7,665	(2,673)	40,198	40	—	—	14,736	(203,521)
Balance - August 31, 2016	**(508,996)**	**22,718**	**15,594**	**33,343**	**18,698**	**(638)**	**16,512**	**18,443**	**(384,326)**

At August 31, 2016, the Company had approximately $80,903 (2015 – $46,398) of non-capital loss carryforwards available which expire between the years 2026 and 2035. A deferred income tax asset of $18,698 (2015 – $9,032) has been recognized in respect of these losses and an income tax benefit of $1,478 (2015 – $1,754) has not been recognized.

At August 31, 2016, the Company had approximately $35,945 (2015— $28,922) of capital loss carryforwards available which have no expiry date. No tax benefit has been recognized in respect of these losses.

The Company has taxable temporary differences associated with its investments in its subsidiaries. No deferred income tax liabilities have been provided with respect to such temporary differences as the Company is able to control the timing of the reversal and such reversal is not probable in the foreseeable future.

There are no income tax consequences attached to the payment of dividends, in either 2016 or 2015, by the Company to its shareholders.

22. BUSINESS SEGMENT INFORMATION

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

TELEVISION

The Television segment is comprised of 45 specialty television networks, pay television services (ceased operations February 29, 2016), 15 conventional television stations, and the Corus content business, which consists of the production and distribution of films and television programs, merchandise licensing, children's 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, 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, restructuring, impairments and certain other income and expenses.

REVENUES AND SEGMENT PROFIT

Year ended August 31, 2016	**Television**	**Radio**	**Corporate**	**Consolidated**
Revenues	1,015,609	155,705	—	**1,171,314**
Direct cost of sales, general and administrative expenses	611,384	119,546	29,370	**760,300**
Segment profit (loss)	404,225	36,159	(29,370)	**411,014**
Depreciation and amortization				**73,969**
Interest expense				**110,862**
Debt refinancing costs				**61,248**
Business acquisition, integration and restructuring costs				**57,198**
Gain on disposition				**(86,151)**
Other expense, net				**8,752**
Income before income taxes				**185,136**

Year ended August 31, 2015	Television	Radio	Corporate	Consolidated
Revenues	653,770	161,545	—	815,315
Direct cost of sales, general and administrative expenses	393,641	124,538	19,949	538,128
Segment profit (loss)	260,129	37,007	(19,949)	277,187
Depreciation and amortization				24,057
Interest expense				50,936
Broadcast license and goodwill impairment				130,000
Intangible asset impairment				51,786
Business acquisition, integration and restructuring costs				19,032
Other income, net				(10,117)
Income before income taxes				11,493

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

Revenues are derived from the following areas:

	2016	2015
Advertising	**661,818**	390,295
Subscribers	**405,728**	340,320
Merchandising, distribution and other	**103,768**	84,700
	1,171,314	815,315

Revenues are derived from the following geographical sources, by location of customer:

	2016	2015
Canada	**1,125,769**	773,044
International	**45,545**	42,271
	1,171,314	815,315

SEGMENT ASSETS AND LIABILITIES

	2016	2015
Assets		
Television	**5,581,543**	2,167,342
Radio	**266,239**	264,730
Corporate	**245,603**	200,037
	6,093,385	2,632,109
Liabilities		
Television	**1,240,959**	460,800
Radio	**56,092**	72,976
Corporate	**2,319,987**	878,422
	3,617,038	1,412,198

Assets and liabilities are located primarily within Canada.

CAPITAL EXPENDITURES BY SEGMENT

	2016	2015
Television	**16,293**	5,101
Radio	**4,395**	9,895
Corporate	**1,862**	1,675
	22,550	16,671

Property, plant and equipment are located primarily within Canada.

23. CAPITAL MANAGEMENT

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. Total managed capital is as follows:

	2016	2015
Total bank debt and notes	**2,196,020**	801,002
Cash and cash equivalents	**(71,363)**	(37,422)
Net debt	**2,124,657**	763,580
Shareholders' equity	**2,476,347**	1,219,911
	4,601,004	1,983,491

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 on a number of bases, 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) of 3.0 times to 3.5 times, and to maintain a dividend yield in excess of 2.5%. In the short-term, the Company may permit the long-term range (for long-term investment opportunities) to be exceeded, but endeavours to return to the policy guideline range as the Company believes that these objectives provide a reasonable framework for providing a return to shareholders and is supportive of maintaining the Company's credit ratings. The Company is currently operating above these internally imposed objectives as a result of the Acquisition and is committed to bringing the leverage target back within the target range by the end of fiscal 2018.

Net debt to segment profit at August 31, 2016 was 5.2 times compared to 2.8 times at August 31, 2015. Segment profit for the net debt to segment profit calculation reflects aggregate amounts as reported by the Company for the most recent four quarters; however, does not include segment profit from the Shaw Media business prior to April 1, 2016. The increase in net debt and net debt to segment profit reflects increased debt to finance the Acquisition (note 27) but does not include a full twelve months of segment profit of the Shaw Media business (note 27).

24. FINANCIAL INSTRUMENTS

The following tables set out the classification of financial and non-financial assets and liabilities.

As at August 31, 2016	Fair value through profit or loss	Loans and receivables	Available-for-sale	Other financial liabilities	Non-financial	Total carrying amount
Cash and cash equivalents	**71,363**	**—**	**—**	**—**	**—**	**71,363**
Accounts receivable	**—**	**379,861**	**—**	**—**	**—**	**379,861**
Investments	**—**	**—**	**29,968**	**—**	**16,791**	**46,759**
Intangibles	**—**	**—**	**—**	**—**	**2,076,237**	**2,076,237**
Other assets	**—**	**—**	**—**	**—**	**3,519,165**	**3,519,165**
Total assets	**71,363**	**379,861**	**29,968**	**—**	**5,612,193**	**6,093,385**
Accounts payable, accrued liabilities and provisions	**—**	**—**	**—**	**416,739**	**—**	**416,739**
Bank debt	**—**	**—**	**—**	**2,196,020**	**—**	**2,196,020**
Other long-term liabilities	**—**	**—**	**—**	**498,999**	**40,673**	**539,672**
Other liabilities	**—**	**—**	**—**	**—**	**464,607**	**464,607**
Total liabilities	**—**	**—**	**—**	**3,111,758**	**505,280**	**3,617,038**

As at August 31, 2015	Fair value through profit or loss	Loans and receivables	Available-for-sale	Other financial liabilities	Non-financial	Total carrying amount
Cash and cash equivalents	37,422	—	—	—	—	37,422
Accounts receivable	—	164,600	—	—	—	164,600
Investments and intangibles	—	—	24,940	—	35,649	60,589
Other assets	—	—	—	—	2,369,498	2,369,498
Total assets	37,422	164,600	24,940	—	2,405,147	2,632,109
Accounts payable, accrued liabilities and provisions	—	—	—	219,901	—	219,901
Bank debt	—	—	—	801,002	—	801,002
Other long-term liabilities	—	—	—	135,325	3,508	138,833
Other liabilities	—	—	—	—	252,462	252,462
Total liabilities	—	—	—	1,156,228	255,970	1,412,198

FAIR VALUES

The fair values of financial instruments included in current assets and current liabilities approximate their carrying values due to their short-term nature.

The fair value of publicly-traded shares included in investments and intangibles is determined by quoted share prices in active markets. The fair value of other financial instruments included in this category is determined using other valuation techniques.

The fair value of bank loans is estimated based on discounted cash flows using year-end market yields, adjusted to take into account the Company's own credit risk. On April 1, 2016, the Company's bank loans were amended and, as a result, the Company had estimated the fair value of its bank debt to be approximately equal to its carrying amount as at August 31, 2016.

Periodically, the Company enters into Canadian dollar interest rate swap agreements. The fair value of the interest rate swap agreements is calculated by way of discounted cash flows, using market interest rates and applicable credit spreads.

The fair value of the Company's Notes was based on the trading price of the Notes, which takes into account the Company's own credit risk. At August 31, 2015, the Company has estimated the fair value of its Notes to be $521,125. These notes were retired in fiscal 2016.

The fair values of financial instruments in other long-term liabilities approximate their carrying values as they are recorded at the net present values of their future cash flows, using an appropriate discount rate.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The following tables present information related to the Company's financial assets measured at fair value on a recurring basis and the level within the guidance hierarchy in which the fair value measurements fall as at August 31 as follows:

As at August 31, 2016	Quoted prices in active markets for identical assets or liabilities (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)
Assets			
Cash and cash equivalents	71,363	—	—
Assets carried at fair value	**71,363**	**—**	**—**
Liabilities			
Interest rate swap	—	14,383	—
Liabilities carried at fair value	**—**	**14,383**	**—**

As at August 31, 2015	Quoted prices in active markets for identical assets or liabilities (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)
Assets			
Cash and cash equivalents	37,422	—	—
Investments	—	746	—
Assets carried at fair value	37,422	746	—
Liabilities			
Interest rate swap	—	435	—
Liabilities carried at fair value	—	435	—

Excluded from the above tables are the Company's investments that are measured at cost, as fair value is not reliably measured.

RISK MANAGEMENT

The Company is exposed to various risks related to its financial assets and liabilities. These risk exposures are managed on an ongoing basis.

Credit risk

In the normal course of business, the Company is exposed to credit risk from its accounts receivable from customers. The carrying amounts for accounts receivable are net of applicable allowances for doubtful accounts, which are estimated based on past experience, specific risks associated with the customer and other relevant information.

The maximum exposure to credit risk is the carrying amount of the financial assets.

The following table sets out the details of the aging for accounts receivable and allowance for doubtful accounts as at August 31 as follows:

	2016	2015
Trade		
Current	**163,454**	84,201
One to three months past due	**149,283**	54,052
Over three months past due	**44,766**	16,979
	357,503	155,232
Other	**25,734**	12,523
	383,237	167,755
Less allowance for doubtful accounts	**3,376**	3,155
	379,861	164,600

The following table sets out the continuity for the allowance for doubtful accounts:

	2016	2015
Balance, beginning of year	**3,155**	5,800
Provision for doubtful accounts	**3,153**	1,155
Acquisitions	**1,768**	—
Write-off of bad debts	**(4,700)**	(3,800)
Balance, end of year	**3,376**	3,155

The Company invoices 10% of its revenues to one related party (2015 – 14%). This related party comprises 7% of the accounts receivable balance as at August 31, 2016 (2015 – 13%).

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial obligations. The Company manages liquidity risk primarily by maintaining sufficient unused capacity within its long-term debt facility, and by continuously monitoring forecast and actual cash flows. The unused capacity at August 31, 2016 was $300,000 (2015 – $390,000). Further information with respect to the Company's long-term debt facility is provided in note 14.

The following table sets out the undiscounted contractual obligations as at August 31, 2016:

	Total	Less than one year	One to three years	Beyond three years
Total debt[1]	**2,218,054**	115,000	931,021	1,172,033
Accounts payable	**393,367**	393,367	—	—
Other obligations [2]	**628,480**	59,704	297,772	271,004

[1] Principal repayments and interest payments.

[2] Other obligations include program rights, CRTC benefit commitments, and other financial liabilities.

In fiscal 2016, the Company incurred interest on bank loans, swaps on credit facilities and Notes of $63,340 (2015 – $34,558).

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuers or factors affecting all instruments traded in the market.

The Company is exposed to foreign exchange risk through its international content distribution operations and U.S. dollar denominated programming purchasing. The most significant foreign currency exposure is to movements in the U.S. dollar to Canadian dollar exchange rate and the U.S. dollar to euro exchange rate. The impact of foreign exchange on income before income taxes and non-controlling interest is detailed in the table below:

	2016	2015
Direct cost of sales, general and administrative expenses	**(247)**	80
Other expense, net	**(339)**	5,034
	(586)	5,114

An assumed 10% increase or decrease in exchange rates as at August 31, 2016 would not have had a material impact on net income or other comprehensive income for the year.

The Company is exposed to interest rate risk on the bankers' acceptances issued at floating rates under its bank loan facility. An assumed 1% increase or decrease in short-term interest rates during the year ended August 31, 2016 would have had a material impact on net income for the year. As a result of the Company's exposure to this risk it has entered into interest rate swap agreements, as described in note 14, to minimize its exposure to changes in floating rates on bankers' acceptances.

Other considerations
The Company does not engage in trading or other speculative activities with respect to derivative financial instruments.

25. CONSOLIDATED STATEMENT OF CASH FLOWS

Net change in non-cash working capital balances related to operations consists of the following:

	2016	2015
Accounts receivable	**34,773**	20,188
Prepaid expenses and other	**7,543**	(821)
Accounts payable and accrued liabilities	**35,275**	(2,844)
Income taxes payable and recoverable	**16,539**	(2,471)
Other long-term liabilities	**(53,659)**	(11,916)
Other	**2,758**	16,047
	43,229	18,183

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

	2016	2015
Interest paid	**66,722**	36,175
Interest received	**827**	225
Income taxes paid	**42,778**	27,676

26. GOVERNMENT FINANCING AND ASSISTANCE

Revenues include $3,201 (2015 – $4,414) of production financing obtained from government programs. This financing provides a supplement to a production series' Canadian license fees and is not repayable.

As well, revenues include $879 (2015 – $1,001) of government grants relating to the marketing of books in both Canada and international markets. The majority of the grants are repayable if the average profit margin for the three-year period following receipt of the funds equals or is greater than 15%.

27. BUSINESS COMBINATIONS AND DIVESTITURES

ACQUISITION OF SHAW MEDIA FROM A RELATED PARTY

On April 1, 2016, the Company acquired the shares of Shaw Media from Shaw for $2.65 billion, subject to certain post-closing adjustments, satisfied by Corus through a combination of: a) $1.85 billion of cash consideration; and b) the issuance by the Company to Shaw of 71,364,853 Class B Non-Voting Shares (the "Class B Shares") at a value per share of $11.21 per share for an aggregate value of $800.0 million. These shares were valued for accounting purposes at $833.5 million, which reflects the opening price of Corus' stock on April 1, 2016 of $11.68 per share.

Shaw Media operates Global Television and 19 of the country's specialty channels, and their online companions, including Food Network Canada, HGTV Canada, HISTORY, Slice, National Geographic Channel and Showcase. Shaw Media also offers viewers local and national news programming from coast to coast. The Acquisition will be a business combination between entities under common control and will be accounted for by the Company using the acquisition method. The Company has not completed the valuation of assets acquired and liabilities to be assumed.

PURCHASE PRICE ALLOCATION

Final valuations of certain items are not yet complete due to the inherent complexity associated with valuations. Therefore, the purchase price allocation is preliminary and subject to adjustment on completion of the valuation process and analysis of resulting tax effects. The Company determined the preliminary fair values based on discounted cash flows, market information, independent valuations and management's estimates.

Fair value recognized on acquisition date:	April 1, 2016
Assets	
Cash	13,153
Accounts receivable	243,534
Prepaid expenses and other	12,512
Property, plant and equipment	160,875
Program and film rights	287,631
Intangibles	1,065,840
Total assets	**1,783,545**
Liabilities	
Accounts payable and accrued liabilities	215,971
Other long-term liabilities	164,058
Deferred income tax liabilities	203,521
Total liabilities	**583,550**
Total identifiable net assets at fair value	**1,199,995**
Goodwill arising on acquisition[1]	1,614,965
Value of non-controlling ownership interest	(143,290)
Purchase price	**2,671,670**
Class B non-voting share consideration	(833,541)
Cash consideration	**1,838,129**

[1] Goodwill arises principally from the ability to leverage media content, the reputation of assembled workforce and future growth. Goodwill is not deductible for tax purposes.

PROFORMA DISCLOSURES

The following pro forma supplemental information presents certain results of operations as if the transaction noted above had been completed at the beginning of the fiscal period presented.

For the year ended August 31, 2016:

(in thousands of dollars except per share amounts)	As currently reported[1]	Pro forma (unaudited)[2]
Revenues	407,293	1,781,793
Net income attributable to shareholders	69,370	192,438

[1] Revenues of $407.3 million and net income attributable to shareholders of $69.4 million are included in the consolidated statements of income and comprehensive income from the date of acquisition.

[2] Pro forma amounts for the year ended August 31, 2016, reflect the Shaw Media assets as if they were acquired September 1, 2015.

The pro forma supplemental information is based on estimates and assumptions which are believed to be reasonable. The pro forma supplemental information is not necessarily indicative of the Company's consolidated financial results in future periods or the results that would have been realized had the business acquisitions been completed at the beginning of the period presented. The pro forma supplemental information excludes business integration costs and opportunities.

DISPOSITION OF CERTAIN PAY TELEVISION ASSETS ("PAY TV")

On November 19, 2015, the Company entered into an agreement with Bell Media Inc. ("Bell") to cease operations of its Pay TV business (Movie Central, Encore and HBO Canada) and facilitate certain contractual and other arrangements, and take certain other actions, that were necessary or desirable in connection with Bell's intent to expand the Bell premium pay television services so that they would be available on a national basis. The Company received from Bell $211.0 million in consideration to support Bell's national expansion.

On November 19, 2015, the Company determined that the carrying value of certain programming assets, broadcast licenses, and goodwill, along with some directly associated program rights liabilities formed a disposal group, whose value would not be recovered principally through continuing use. Accordingly, at that date the disposal group was presented separately in the statements of financial position as held for disposal in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, measured at the lower of carrying value and fair value less costs to sell, and amortization on such assets has ceased. As a result, amortization in the Television segment for the twelve months ended August 31, 2016 is approximately $15.6 million lower than it would have been had these assets continued to be amortized.

The results of the operations of the Company's Pay TV business were included in the Television segment until February 29, 2016, as Bell launched its national service on March 1, 2016. A gain of $86.2 million was recorded, which resulted from cash proceeds of $211.0 million less the carrying value of the disposal group.

ACQUISITION OF ASSETS OF FAST FILE MEDIA SERVICES INC. ("FAST FILE")

On September 16, 2015, the Company acquired certain assets of the Fast File business for a purchase price of $2.5 million. These assets were accounted for at their fair value. These assets are included in the Television segment effective September 16, 2015. The purchase price equation was accounted for using the purchase method.

28. COMMITMENTS, CONTINGENCIES AND GUARANTEES

LEASES

The Company enters into operating leases for the use of facilities and equipment. During fiscal 2016, rental expenses in direct cost of sales, general and administrative expenses totalled approximately $29,884 (2015 – $21,344). Future minimum rentals payable under non-cancellable operating leases at August 31, are as follows:

	2016	2015
Within one year	**39,755**	28,965
After one year but not more than five years	**122,175**	106,460
More than five years	**305,994**	335,258
	467,924	470,683

The Company has entered into finance leases for the use of computer equipment and software, telephones, furniture and broadcast equipment. The leases range between three and five years and bear interest at rates varying from 2.1% to 8.0%. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

		2016		2015
	Minimum payments	**Present value of payments**	Minimum payments	Present value of payments
Within one year	**1,702**	**1,586**	3,387	3,170
After one year but not more than five years	**888**	**820**	2,315	2,140
Total minimum lease payments	**2,590**	**2,406**	5,702	5,310
Less amounts representing finance charges	**184**	**—**	392	—
Present value of minimum lease payments	**2,406**	**2,406**	5,310	5,310

PURCHASE COMMITMENTS

The Company has entered into various purchase commitments at August 31, 2016 as detailed in the following table:

	Total	**Within 1 year**	**2 – 3 years**	**4 – 5 years**	**More than 5 years**
Purchase obligations[1]	1,071,060	548,811	330,654	131,813	59,782
Other obligations[2]	254,506	77,713	84,646	64,809	27,338
Total contractual obligations	**1,325,566**	**626,524**	**415,300**	**196,622**	**87,120**

[1] Purchase obligations are contractual obligations relating to program rights, satellite and signal transportation costs, and various other operating expenditures, that the Company has committed to for periods ranging from one to ten years.

[2] Other obligations include financial liabilities, trade marks, other intangibles and CRTC commitments.

Generally, it is not the Company's policy to issue guarantees to non-controlled affiliates or third parties, with limited exceptions.

LITIGATION

The Company, its subsidiaries and joint ventures are involved in litigation matters arising out of the ordinary course and conduct of its business. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to litigation to be material to these consolidated financial statements.

OTHER MATTERS

Many of the Company's agreements, specifically those related to acquisitions and dispositions of business assets, included indemnification provisions where the Company may be required to make payments to a vendor or purchaser for breach of fundamental representation and warranty terms in the agreements with respect to matters such as corporate status, title of assets, environmental issues, consents to transfer, employment matters, litigation, taxes payable and other potential material liabilities. The maximum potential amount of future payments that the Company could be required to make under these indemnification provisions is not reasonably quantifiable, as certain indemnifications are not subject to a monetary limitation. As at August 31, 2016, management believed there was only a remote possibility that the indemnification provisions would require any material cash payment.

The Company indemnifies its directors and officers against any and all claims or losses reasonably incurred in the performance of their service to the Company to the extent permitted by law. The Company has acquired and maintains liability insurance for directors and officers of the Company and its subsidiaries.

29. EMPLOYEE BENEFIT PLANS

DEFINED CONTRIBUTION PENSION PLANS

The Company has various defined contribution plans for qualifying full-time employees. Under these plans, the Company contributes up to 6% (2015 – 6%) of an employee's earnings, not exceeding the limits set by the *Income Tax Act* (Canada). The amount contributed in fiscal 2016 related to the defined contribution plans was $6,152 (2015 – $6,003). The amount contributed is approximately the same as the expense included in the consolidated statements of income and comprehensive income.

NON-REGISTERED DEFINED BENEFIT PENSION PLANS

The Company provides supplemental executive retirement plans ("SERP" and "CEO SERP", which relates to the former CEO) which are non-contributory, unfunded defined benefit pension plans for certain of its senior executives that are included in long-term employee obligations (note 15). Benefits under these plans are based on the employees' length of service and their highest three-year average rate of pay during their most recent 10 years of service, accrued starting from the date of the implementation of the plan, and currently includes a benefit for past service, as applicable under the terms of the plan.

The table below shows the change in the benefit obligation for these plans.

	2016	2015
Accrued benefit obligation and plan deficit, beginning of year	**15,017**	14,189
Current service costs	**854**	1,116
Past service cost	**122**	—
Interest cost	**606**	567
Payment of benefits	**(484)**	(202)
Remeasurements:		
Effect of changes in financial assumptions	**1,551**	(227)
Effect of experience adjustments	**(4)**	(426)
Accrued benefit obligation and liability, end of year	**17,662**	15,017

The weighted average duration of the defined benefit obligation of the supplemental executive retirement plans at August 31, 2016 is 17.3 years.

The significant weighted-average assumptions used to measure the pension obligation and costs for this plan are as follows:

Accrued benefit obligation	**2016**	2015
Discount rate	**3.50%**	4.10%
Rate of compensation increase	**3.00%**	3.00%

Benefit cost for the year	**2016**	2015
Discount rate	**4.10%**	4.00%
Rate of compensation increase	**3.00%**	3.00%

The following table illustrates the incremental impact on the defined benefit obligation at August 31, 2016 and the pension expense for the fiscal year then ended, with respect to the three key factors in determining the benefit obligation:

Sensitivity analysis	**Benefit obligation at August 31, 2016**	**Pension expense for fiscal 2016**
Discount rate - 1% decrease	**3,052**	**175**
Salary increase - 1% increase	**582**	**99**
Mortality - one year increase in the expected future lifetime	**496**	**43**

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the present value of the defined benefit obligation has been calculated using the projected benefit method which is the same method that is applied in calculating the defined benefit liability recognized in the statement of financial position. The sensitivity analysis presented above may not be representative of the actual change in the accrued benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some assumptions may be correlated.

The net pension benefit plan expense, which is included in employee salaries and benefits expense, is comprised of the following components:

	2016	2015
Current service cost	**854**	1,116
Past service cost	**122**	—
Interest cost	**606**	567
Pension expense	**1,582**	1,683

REGISTERED PENSION PLANS

The Company has a number of funded defined benefit pension plans which provide pension benefits to certain unionized and non-unionized employees in its conventional television operations. Benefits under these plans are based on the employee's length of service and final average salary. These plans are regulated by the Office of the Superintendent of Financial Institutions, Canada in accordance with the provisions of the Pension Benefits Standards Act and Regulations. The regulations set out minimum standards for funding the plans.

The table below shows the change in the benefit obligations, change in fair value of plan assets and the funded status of these defined benefit plans.

	2016	2015
Accrued benefit obligation, beginning of year	**9,570**	9,951
Defined benefit obligation arising from Acquisition	**182,723**	—
Current service cost	**2,411**	144
Interest cost	**3,359**	408
Employee contributions	**433**	73
Payment of benefits	**(3,088)**	(601)
Remeasurements:		
Effect of changes in financial assumptions	**12,264**	—
Effect of experience adjustments	**424**	(405)
Accrued benefit obligation, end of year	**208,096**	9,570

	2016	2015
Fair value of plan assets, beginning of year	**9,978**	9,638
Fair value of plan assets upon Acquisition	**173,827**	—
Employer contributions	**5,083**	519
Employee contributions	**433**	73
Interest income	**3,212**	389
Payment of benefits	**(3,088)**	(601)
Administrative expenses paid from plan assets	**(760)**	(41)
Return on plan assets, excluding interest income	**11,449**	1
Fair value of plan assets, end of year	**200,134**	9,978
Accrued benefit liability and plan deficit, end of year	**7,962**	(408)

The weighted average duration of the defined benefit obligation at August 31, 2016 is 16.96 years.

The plan assets at August 31, 2016 are comprised of investments in pooled funds as follows:

	2016	2015
Equity - Canadian	**53,445**	5,663
Equity - Foreign	**28,882**	—
Fixed income - Canadian	**117,807**	4,315
	200,134	9,978

The underlying securities in the pooled funds have quoted prices in an active market.

The significant weighted average assumptions used to measure the pension obligation and cost for these plans are as follows:

Accrued benefit obligation	**2016**	2015
Discount rate	**3.50%**	4.30%
Rate of compensation increase	**3.00%**	2.50%

Benefit cost for the year	**2016**	2015
Discount rate	**3.90%**	4.30%
Rate of compensation increase	**3.00%**	2.50%

The following table illustrates the incremental impact on the defined benefit obligation at August 31, 2016 and the pension expense for the fiscal year then ended, with respect to the three key factors in determining the benefit obligation:

Sensitivity analysis	Benefit obligation at August 31, 2016	Pension expense Fiscal 2016
Discount rate - 1% decrease	233,288	1,236
Salary increase - 1% increase	203,515	361
Weighted average duration of defined benefit obligation in years		
Effective discount rate 1% decrease	16.96	16.20

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the present value of the defined benefit obligation has been calculated using the projected benefit method which is the same method that is applied in calculating the defined benefit liability recognized in the statements of financial position. The sensitivity analysis presented above may not be representative of the actual change in the accrued benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some assumptions may be correlated.

The net pension benefit plan expense, which is included in employee salaries and benefits expense, is comprised of the following components:

	2016	2015
Current service cost	2,411	144
Interest cost	679	42
Pension expense	3,090	186

OTHER BENEFIT PLANS

The Company provides supplemental post-retirement non-pension benefit plans that provide post-retirement health and life insurance coverage to certain employees and are funded on a pay-as-you-go basis. The table below shows the change in the accrued post-retirement obligation which is recognized in the statement of financial position.

The change in the benefit obligation for these plans is as follows:

	2016	2015
Accrued benefit obligation and plan deficit, beginning of year	797	841
Defined benefit obligation arising from Acquisition	20,108	—
Current service costs	327	—
Interest cost	345	26
Payment of benefits	(338)	(88)
Remeasurements:		
Effect of demographic assumptions	(3,156)	—
Effect of changes in financial assumptions	836	18
Effect of experience adjustments	(2,090)	—
Accrued benefit obligation and liability, end of year	16,829	797

The weighted average duration of the defined benefit obligation of the post-retirement plans at August 31, 2016 is 18.5 years.

The significant weighted-average assumptions used to measure the pension obligation and costs for this plan are as follows:

Accrued benefit obligation	2016	2015
Discount rate	3.60%	3.00%
Salary increase	3.00%	0.00%

Benefit cost for the year	2016	2015
Discount rate	3.90%	0.00%
Salary increase	3.00%	0.00%

The following table illustrates the incremental impact on the defined benefit obligation at August 31, 2016 and the pension expense for the fiscal year then ended, with respect to the two key factors in determining the benefit obligation:

Sensitivity analysis	Benefit obligation at August 31, 2016	Service and interest costs fiscal 2016
Discount rate		
1% decrease	**3,295**	**131**
Health care cost trend rate		
1% increase	**2,812**	**339**

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the present value of the defined benefit obligation has been calculated using the projected benefit method which is the same method that is applied in calculating the defined benefit liability recognized in the statement of financial position. The sensitivity analysis presented above may not be representative of the actual change in the accrued benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some assumptions may be correlated.

The net pension benefit plan expense, which is included in employee salaries and benefits expense, is comprised of the following components:

	2016	2015
Current service cost	**327**	—
Interest cost	**345**	26
Pension expense	**672**	26

30. RELATED PARTY TRANSACTIONS

CONTROLLING SHAREHOLDER

A majority of the outstanding Class A participating shares of the Company are held by entities owned by the Shaw Family Living Trust ("SFLT") for the benefit of decedents of JR Shaw and Carol Shaw. The sole trustee of SFLT is a private company owned by JR Shaw and having a board comprised of seven directors, including as at August 31, 2016, JR Shaw as chair and five other members of his family. The Class A Voting Shares are the only shares entitled to vote in all shareholder matters, except in limited circumstances as described in the Company's Annual Information Form. Accordingly, SFLT is, and as long as it owns a majority of the Class A Voting Shares, will continue to be able to elect a majority of the Board of Directors of Corus and to control the vote on matters submitted to a vote of Corus' Class A shareholders. SFLT is represented as Directors of the Company.

SFLT is also the controlling shareholder of Shaw Communications Inc., and as a result, Shaw and Corus are subject to common voting control.

SPECIAL TRANSACTIONS

The acquisition of Shaw Media from Shaw constituted a related party transaction outside the normal course of operations. To ensure appropriate safeguards for the interest of the holders of the Class B Shares, Corus' Board of Directors (the "Board") established a Corus Special Committee (the "Special Committee") with the authority to, among other matters, review, direct and supervise the process to be carried out by management and its professional advisors in assessing the potential acquisition (including the preparation of any formal valuation required), review and consider the proposed structure, terms and conditions of a possible acquisition and to make a recommendation to the Board with respect to any such transaction.

The Special Committee, throughout the process, consisted entirely of directors who were "independent", within the meaning of applicable securities laws. The Special Committee met a total of 28 times in exercising its mandate and supervision over the course of the transaction negotiation process that followed, prior to the announcement of the Acquisition on January 13, 2016. The Board established the Special Committee to, among other things, supervise the preparation of the formal valuation required under Multilateral Instrument ("MI") 61-101 and assess, review and to make recommendations to the Board regarding the Acquisition. The Special Committee engaged Barclays Capital Canada Inc. ("Barclays") as an independent valuator, as required under MI 61-101, in connection with the purchase and sale of the issued and outstanding shares of Shaw Media and to provide the Barclays Valuation and

Fairness Opinion. Additionally, the Company's financial advisors, RBC Dominion Securities Inc. ("RBC"), presented to the Board, including the members of the Special Committee, an opinion on the financial consideration which would be payable under the Acquisition (the "RBC Fairness Opinion").

Having undertaken a review of, and carefully considered the Acquisition, the Barclays Valuation and Fairness Opinion, the RBC Fairness Opinion, information concerning Corus, Shaw Media, the proposed Acquisition and the alternatives, including consultation with its financial and legal advisors and such other matters as it considered relevant, the Special Committee unanimously determined that the Acquisition was in the best interests of the Company and accordingly recommended that the Board approve the Acquisition and recommended that the Board recommend that the holders of each of the Class A Shares and Class B Shares vote in favour of the resolutions set out for the approval of the Acquisition.

NORMAL COURSE TRANSACTIONS

The Company has transacted business in the normal course with Shaw and with entities over which the Company exercises significant influence and joint control. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties and having normal trade terms.

Shaw Communications Inc.

During the year, the Company received subscriber, programming licensing and advertising revenues of $112,626 (2015 – $111,384), and $4,803 (2015 – $260) of production and distribution revenues from Shaw. In addition, the Company paid cable and satellite system distribution access fees of $8,696 (2015 – $5,670) and administrative and other fees of $4,685 (2015 – $2,720) to Shaw. During the year, the Company issued dividends of $34.4 million to Shaw, which were reinvested in additional Corus Class B shares under Corus' dividend reinvestment plan. At August 31, 2016, the Company had $26,691 (2015 – $21,441) receivable from Shaw.

The Company provided Shaw with interactive impressions, radio and television spots in return for television advertising. No monetary consideration was exchanged for these transactions and no amounts were recorded in the accounts.

Non-wholly owned specialty networks

During the year, the Company received administrative and other fees of $8,682 (2015 — $4,945) from its non-wholly owned specialty networks including BBC, CMT (Canada), Cosmopolitan TV, Food Network Canada, HGTV Canada, National Geographic, Nat Geo Wild and TLN. At August 31, 2016, the Company had $1,398 (2015 — $93) receivable from these entities.

SIGNIFICANT SUBSIDIARIES

The following table includes the significant subsidiaries of the Company:

Name	Jurisdiction	Equity interest 2016	Equity interest 2015
Corus Media Holdings Inc. (formerly Shaw Media Inc.)	Alberta	**100%**	—
Corus Media Global Inc. (formerly Shaw Media Global Inc.)	Canada	**100%**	—
Corus Premium Television Ltd.	Canada	**100%**	100%
Corus Radio Company	Nova Scotia	**100%**	100%
Food Network Canada Inc.	Canada	**71%**	—
History Television Inc.	Canada	**100%**	—
HGTV Canada Inc.	Canada	**67%**	—
Nelvana Limited	Ontario	**100%**	100%
Showcase Television Inc.	Canada	**100%**	—
TELETOON Canada Inc.	Canada	**100%**	100%
W Network Inc.	Canada	**100%**	100%
YTV Canada Inc.	Canada	**100%**	100%

KEY MANAGEMENT PERSONNEL

Key management personnel consist of the Board of Directors and the Executive Leadership Team who have the authority and responsibility for planning, directing and controlling the activities of the Company. Several members of the Executive Leadership Team are also officers of the Company.

Key management personnel compensation, including the Executive Leadership Team, officers and directors of the Company, is as follows:

	2016	2015
Salaries and benefits	**9,518**	7,022
Post-employment benefits	**2,360**	1,683
Share-based compensation (note 16)	**730**	2,852
	12,608	11,557

Except for the President and Chief Executive Officer, the Executive Vice President and Chief Financial Officer and the Executive Vice President, Special Advisor to the CEO and Chief Integration officer, no member of the Executive Leadership Team has an employment agreement or any other contractual arrangement in place with the Company in connection with any termination or change of control event, other than the conditions provided in the compensation plans of the Company. Generally, severance entitlements, including short-term incentives payable to the Executive Leadership Team and officers of the Company, other than the President and Chief Executive Officer, the Executive Vice President and Chief Financial Officer, due to their employment agreements with the Company, and the Executive Vice President, Special Advisor to the CEO and Chief Integration Officer, due to a contractual agreement with the Company, would be determined in accordance with applicable common law requirements. Long-term incentive plans, such as stock options, are exercisable if vested, while DSUs, PSUs, RSUs and SERP, would be payable if vested pursuant to the terms of the plans.

31. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2016 consolidated financial statements.

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CORUS ENTERTAINMENT INC.

Stock Exchange Listing and Trading Symbol
Toronto Stock Exchange
TSX: CJR.B

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Calgary, Alberta T2P 0R8

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Website
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Auditors
Ernst & Young LLP

Shareholder Services
For assistance with the following:

- Change of address
- Transfer or loss of share certificates
- Dividend payments or direct deposit of dividends
- Dividend Reinvestment Plan

please contact our ***Transfer Agent and Registrar***:
CST Trust Company
PO Box 700, Station B
Montreal, Quebec H3B 3K3
Telephone: 1.800.387.0825
Facsimile:
1.888.249.6189 (in North America)
514.985.8843 (outside North America)
www.canstockta.com

Annual General Meeting
January 11, 2017
2 p.m. MT/4 p.m. ET
The Westin Calgary
Bow Valley Room
320 4 Avenue S.W.
Calgary, Alberta T2P 2S6

Dividend Information
Corus Entertainment pays its dividend on a monthly basis and all dividends are "eligible" dividends for Canadian tax purposes unless indicated otherwise.

For further information on the dividend, including the latest approved dividends and historical dividend information, please visit the Investor Relations section of Corus Entertainment's website (www.corusent.com).

Dividend Reinvestment Plan ("DRIP")
CST Trust Company acts as administrator of Corus Entertainment's Dividend Reinvestment Plan, which is available to the Company's registered Class A and Class B Shareholders residing in Canada.

To review the full text of the Plan and obtain an enrollment form, please visit the Plan Administrator's website at www.canstockta.com or contact them at 1.800.387.0825.

Corporate Social Responsibility ("CSR")
Since the Company's launch in 1999, Corus Entertainment ("Corus") has had a long and successful track record of corporate social responsibility (CSR) that encompasses community, employees, industry engagement and environmental initiatives. Corus and its employees have embraced the philosophy of giving back to the community by supporting worthwhile causes company-wide as well as individually. With the launch of our national initiative Corus Feeds Kids in 2012, which focuses on the well-being of children, Corus remains committed to making a difference and enriching the lives of the communities we serve.

For more information, please visit the Corus Entertainment website (www.corusent.com).

Corporate Governance
The Board of Directors of the Company endorses the principles that sound corporate governance practices ("Corporate Governance Practices") are important to the proper functioning of the Company and the enhancement of the interests of its shareholders.

The Company's Statement of Corporate Governance Practices and the Charter of the Board of Directors may be found in the Investor Relations section of Corus Entertainment's website (www.corusent.com).

Further Information
Financial analysts, portfolio managers, other investors and interested parties may contact Corus Entertainment at 416.479.7000 or visit the Company's website (www.corusent.com).

Corus Entertainment's Annual Reports, Annual Information Forms, Management Information Circulars, quarterly financial reports, press releases, investor presentations and other relevant materials are available in the Investor Relations section of Corus Entertainment's website (www.corusent.com).

To receive additional copies of Corus Entertainment's Annual Report, please email your request to investor.relations@corusent.com.

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