

Investments, at cost –

The Comedy Network Inc. (14.95% interest)

Nelvana Limited (6.7% interest)

The Family Channel Inc. (50% interest), including its 40% interest in TELETOON Canada Inc. (subject to CRTC approval)

The Food Network Canada (10% voting control)

Investments, proportionately consolidated –

Shaw/Corus Investment Partnership

The results of operations of subsidiaries acquired during the year are included from their respective dates of acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada consistently applied within the framework of the significant accounting policies described below:

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in Canada requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Actual results could differ from those estimates.

Revenue Recognition

Radio, programming and other media advertising revenues are recognized in the period in which the advertising is aired under broadcast contracts.

Affiliate subscriber fee revenues are recognized to the extent that the service has been made available under distribution contracts.

Revenues from film investments are recognized once the licensing period begins, the film is delivered and collection is reasonably assured.