Fuwei Films (Holdings), Co. Ltd.
Form 6-K
January 15, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934

For September 30, 2007

Commission File No. 001-33176

Fuwei Films (Holdings) Co., Ltd.

No. 387 Dongming Road
Weifang Shandong
People's Republic of China, Postal Code: 261061

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES.)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.
Form 20-F o Form 40-Fo

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.
Yes o No o
If "Yes" marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):
82-________

EXPLANATORY NOTE

This Report of Foreign Private Issuer on Form 6-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. These statements relate to future events or the Company’s future financial performance. The Company has attempted to identify forward-looking statements by terminology including “anticipates”, “believes”, “expects”, “can”, “continue”, “could”, “estimat “intends”, “may”, “plans”, “potential”, “predict”, “should” or “will” or the negative of these terms or other comparable termino These statements are only predictions, uncertainties and other factors may cause the Company’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels or activity, performance or achievements expressed or implied by these forward-looking statements. The information in this Report on Form 6-K is not intended to project future performance of the Company. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company does not guarantee future results, levels of activity, performance or achievements. The Company expectations are as of the date this Form 6-K is filed, and the Company does not intend to update any of the forward-looking statements after the date this Report on Form 6-K is filed to confirm these statements to actual results, unless required by law.

The forward-looking statements included in this Form 6-K are subject to risks, uncertainties and assumptions about our businesses and business environments. These statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results of our operations may differ materially from information contained in the forward-looking statements as a result of risk factors some of which are include, among other things, competition in the BOPET film industry; growth of, and risks inherent in, the BOPET film industry in China; uncertainty as to future profitability and our ability to obtain adequate financing for our planned capital expenditure requirements; uncertainty as to our ability to continuously develop new BOPET film products and keep up with changes in BOPET film technology; risks associated with possible defects and errors in our products; uncertainty as to our ability to protect and enforce our intellectual property rights; uncertainty as to our ability to attract and retain qualified executives and personnel; and uncertainty in acquiring raw materials on time and on acceptable terms, particularly in view of the volatility in the prices of petroleum products in recent years.

On January 10, 2008, Fuwei Films (Holdings) Co. Ltd. (the “Company”) announced its unaudited consolidated financial results for the nine months period ended September 30, 2007.

FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 2007 AND DECEMBER 31, 2006
(amounts in thousands except share and per share value)

	As of Sept. 30, 2007		As of Dec. 31, 2006
	Unaudited		
ASSETS	*RMB*	*US$*	*RMB*
Current assets			
Cash and cash equivalents	67,590	9,021	249,939
Restricted cash	44,679	5,963	3,311
Accounts receivable, net	51,376	6,857	75,530
Inventories	51,108	6,821	23,783
Prepayments and other receivables	48,733	6,504	19,438
Total current assets	263,486	35,166	372,001
Property, plant and equipment, net	233,744	31,196	250,937
Construction in progress	210,236	28,058	66,753
Lease prepayments, net	22,890	3,055	23,059
Deposits for purchase of property, plant and equipment			13,900
Intangible assets	54	7	109
Goodwill	10,276	1,371	10,276
Deferred tax assets	1,047	140	1,047
Total assets	741,733	98,993	738,082
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	183,169	24,446	239,678
Accounts payables	20,781	2,773	12,809
Accrued expenses and other payables	25,028	3,340	19,497
Deferred tax liabilities	1,166	156	191
Total liabilities	230,144	30,715	272,175
Shareholders' equity			
Ordinary shares of US$0.129752 par value; 20,000,000 shares authorized; 13,062,500 issued and outstanding as of September 30, 2007 and December 31, 2006, respectively	13,323	1,707	13,323
Additional paid-in capital	311,907	39,967	311,907
Retained earnings	185,153	23,835	138,892
Cumulative translation adjustment	1,206	2,769	1,785
Total shareholders' equity	511,589	68,278	465,907
Total liabilities and shareholders' equity	741,733	98,993	738,082

The accompanying notes are an integral part of this condensed consolidated statement.

FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006
(amounts in thousands except share and per share value)
(Unaudited)

	Three Months Ended			**Nine Months Ended**		
	Sept.. 30, 2007		Sept.. 30, 2006	Sept.. 30, 2007		Sept..30, 2006
	RMB	*US$*	*RMB*	*RMB*	*US$*	*RMB*
Net sales	107,652	14,261	95,463	327,847	42,790	315,402
Cost of sales	(84,067)	(11,136)	(73,032)	(247,323)	(32,280)	(240,625)
Gross profit	23,585	3,125	22,431	80,524	10,510	74,777
Operating expenses						
Selling expenses	(2,869)	(380)	(3,900)	(11,623)	(1,517)	(12,758)
Administrative expenses	(4,778)	(633)	(2,237)	(10,496)	(1,370)	(5,432)
Deprecation and amortization	(338)	(45)	(339)	(1,075)	(140)	(878)
Total operating expenses	(7,985)	(1,058)	(6,476)	(23,194)	(3,027)	(19,068)
Operating income	15,600	2,067	15,955	57,330	7,483	55,709
Other income/(expense)						
- Interest income	236	31	11	513	67	18
- Interest expense	(1,745)	(231)	(1,998)	(6,581)	(859)	(8,937)
- Others, net	263	36	(292)	(299)	(39)	(591)
Total other income/(expense)	(1,246)	(164)	(2,279)	(6,367)	(831)	(9,510)
Income before income tax benefit/(expense)	14,354	1,903	13,676	50,963	6,652	46,199
Income tax benefit/(expense)	(1,443)	(191)	233	(4,702)	(614)	(1)
Net income	12,911	1,712	13,909	46,261	6,038	46,198
Other comprehensive income						
- Foreign currency translation adjustments	(8)	1,048	(6)	(579)	2,540	(6)
Comprehensive income	12,903	2,760	13,903	45,682	8,578	46,192
Earnings per share (basic and diluted)						
- Basic	0.99	0.13	18,040	3.54	0.46	59,919
- Diluted	0.99	0.13	18,040	3.54	0.46	59,919
Weighted average number ordinary shares						

- Basic	13,062,500	13,062,500	771	13,062,500	13,062,500	771
- Diluted	13,062,500	13,062,500	771	13,062,500	13,062,500	771

Basic and diluted shares are the same as there is no anti diluted effect

The accompanying notes are an integral part of this condensed consolidated statement.

FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006
(amounts in thousands except share and per share value)
(Unaudited)

	Period Ended Sept. 30,2007		**Period Ended Sept. 30, 2006**
	RMB	US$	RMB
Cash flow from operating activities			
Net income	46,261	6,038	46,198
Adjustments to reconcile net income to net cash (used in)/provided by operating activities			
- Depreciation of property, plant and equipment	18,295	2,388	18,318
- Amortization	561	73	368
- Deferred income taxes	974	127	(144)
Changes in operating assets and liabilities			
- Accounts receivable	24,153	3,152	(20,739)
- Inventories	(27,325)	(3,566)	(10,050)
- Prepaid expenses and other current assets	(29,292)	(3,823)	(44,605)
- Accounts payable	7,972	1,040	9,582
- Accrued expenses and other payables	5,531	722	(14,529)
Net cash provided by operating activities	47,130	6,151	(15,601)
Cash flow from investing activities			
(Purchases)/acquisition of property, plant and equipment	(130,685)	(17,057)	32,779
Payment of land use rights	(15)	(2)	(6,540)
Restricted cash related to trade finance	(41,368)	(5,399)	(4,190)
Net cash provided by/(used in) investing activities	(172,069)	(22,458)	22,049
Cash flow from financing activities			
Principal payments of short-term bank loans	(239,678)	(31,282)	(248,046)
Proceeds from short-term bank loans	183,169	23,907	240,030
Net cash used in financing activities	(56,508)	(7,375)	(8,016)
Effect of foreign exchange rate changes	(902)	676	(4,178)
Net decrease in cash & cash equivalent	(182,349)	(23,006)	(5,746)
Cash & cash equivalent			
Beginning balance	249,939	32,027	7,427
Ending balance	67,590	9,021	1,681
Supplemental disclosure of cash flow information			
Cash paid during the period/year for			
Interest paid	10,068	1,314	11,594
Income taxes paid	4,702	627	-

The accompanying notes are an integral part of this condensed consolidated statement.

FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands except share and per share value)

NOTE 1 - BACKGROUND

Fuwei Films (Holdings) Co., Ltd (the "Company") and its subsidiaries (the "Group") are principally engaged in the production and distribution of BOPET film, a high quality plastic film widely used in packaging, imaging, electronics, electrical and magnetic products in the People's Republic of China (the "PRC"). The Company is incorporated in the Cayman Islands, established on August 9, 2004 under the Cayman Islands Companies Law as an exempted company with limited liability.

On August 20, 2004, the Company was allotted and issued one ordinary share of US$1.00 in Fuwei (BVI) (being the entire issued share capital of Fuwei (BVI)), thereby establishing Fuwei (BVI) as the intermediate investment holding company of the Group.

The Group was established by certain members of the former management team and employees (the "Group Founders") of Shandong Neo-Luck Plastics Co., Ltd ("Shandong Neo-Luck"), a company owned 59% by a PRC state-owned enterprise. Prior to filing for bankruptcy protection on September 24, 2004, Shandong Neo-Luck was engaged in the business of BOPET film production. Certain production-related assets of Shandong Neo-Luck which had previously been mortgaged to the Bank of China, Weifang City branch (the "Mortgagee Bank") as security for several loans extended to Shandong Neo-Luck's affiliates were acquired through public auction by Fuwei Films (Shandong) Co., Ltd ("Shandong Fuwei") on October 9, 2003 for RMB156,000 as a result of the borrowers default on various bank loans. Shandong Fuwei, established in the PRC on January 28, 2003 as a limited liability company, commenced its operations in July 2003. The principal activities of Shandong Fuwei are those relating to the design, production and distribution of plastic flexible packaging materials. Shandong Neo-Luck was subsequently declared bankrupt by the Weifang Municipal People's Court in the PRC on September 24, 2004.

On December 18, 2006, the Company became listed on the Nasdaq Global Market and offered 3,750,000 ordinary shares, at an IPO price of US$8.28 per ordinary share. On December 22, 2006, an additional 562,500 ordinary shares were sold at the IPO price of US$8.28 per ordinary share pursuant to the underwriter's exercise of its over-allotment option. As of September 30, 2007, the number of total issued ordinary shares issued and outstanding was 13,062,500.

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited financial statements of the Company have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the interim periods are not necessarily indicative of the results for any future period. These statements should be read in conjunction with the Company's audited financial statements and notes thereto for the fiscal year ended December 31, 2006. The results of the nine month period ended September 30, 2007 are not necessarily indicative of the results to be expected for the full fiscal year ending December 31, 2007.

FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands except share and per share value)

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group's consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). This basis of accounting differs in certain material respects from that used in the preparation of the books of account of Shandong Fuwei, the Company's principal subsidiary, which are prepared in accordance with the accounting principles and the relevant financial regulations applicable to enterprises limited by shares as established by the Ministry of Finance of the PRC ("PRC GAAP"), the accounting standards used in the country of its domicile. The accompanying condensed consolidated financial statements reflect necessary adjustments not recorded in the books of account of the Company's subsidiaries to present them in conformity with US GAAP.

Principles of Consolidation
The condensed consolidated financial statements include the financial statements of the Company and its two subsidiaries. All significant inter-company balances and transactions have been eliminated in consolidation.

Use of Estimates
The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 amount of revenues and expenses during the reporting periods. Management makes these estimates using the best information available at the time the estimates are made. However, actual results could differ materially from those results.

Foreign Currency Transactions
The Group's reporting currency is the Renminbi ("RMB").

The Company and Fuwei (BVI) operate in Hong Kong as investment holding companies and their financial records are maintained in Hong Kong dollars, being the functional currency of these two entities. Assets and liabilities are translated into RMB at the exchange rates at the balance sheet date, equity accounts are translated at historical exchange rates and income, expenses, and cash flow items are translated using the average rate for the period. The translation adjustments are recorded in accumulated other comprehensive income in the statements of shareholders' equity and comprehensive income.

Transactions denominated in currencies other than RMB are translated into RMB at the exchange rates quoted by the People's Bank of China (the "PBOC") prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into RMB using the applicable exchange rates quoted by the PBOC at the balance sheet dates. The resulting exchange differences are recorded in the statements of income.

RMB is not fully convertible into foreign currencies. All foreign exchange transactions involving RMB must take place either through the PBOC or other institutions authorized to buy and sell foreign currency. The exchange rate adopted for the foreign exchange transactions are the rates of exchange quoted by the PBOC which are determined largely by supply and demand.

FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands except share and per share value)

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Exchange Rate Information
Foreign Currency - The Company's principal country of operations is in the People's Republic of China. The financial position and results of operations of the Company are determined using the local currency ("Renminbi") as the functional currency. The results of operations denominated in foreign currency are translated at the average rate of exchange during the reporting period.

Unless otherwise noted, all translations from Renminbi to U.S. dollars in report of assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the market rate of exchange prevailing on that date. The registered equity capital denominated in the functional currency is translated at the historical rate of exchange at the time of capital contribution. All translation adjustments resulting from the translation of the financial statements into the reporting currency ("US Dollars") are dealt with as a separate component within shareholders' equity. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, the rates stated above, or at all.

***Cash and Cash Equivalents and Restricted* Cash**
For statements of cash flow purposes, the Company considers all cash on hand and in banks, including accounts in book overdraft positions, certificates of deposit and other highly-liquid investments with maturities of three months or less, when purchased, to be cash and cash equivalents.

The company has restricted cash of $44,679 and $5,963 as of September 30, 2007 and December 31, 2006.

Trade Accounts Receivable
Trade accounts receivable are recorded at the invoiced amount after deduction of trade discounts, value added taxes and allowances, if any, and do not bear interest. The allowance for doubtful accounts is the Group's best estimate of the amount of probable credit losses in the Group's existing accounts receivable. The Group determines the allowance based on historical write-off experience, customer specific facts and economic conditions.

The Group reviews its allowance for doubtful accounts monthly. Past due balances over 90 days and over a specified amount are reviewed individually for collectibility. All other balances are reviewed on a pooled basis by aging of such balances. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Group does not have any off-balance-sheet credit exposure related to its customers.

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. These receivables are due within 7 to 60 days from the date of billing. Normally, the Group does not obtain collateral from customers.

Inventories
Inventories are stated at the lower of cost or market value. Cost is determined using the average cost method. Cost of work

FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands except share and per share value)

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

in progress and finished goods comprises of direct material, direct production cost and an allocated portion of production overheads based on normal operating capacity.

Property, Plant and Equipment
Property, plant and equipment are stated at cost less accumulated depreciation and impairment.

Depreciation on property, plant and equipment is calculated on the straight-line method (after taking into account their respective estimated residual values) over the estimated useful lives of the assets. There are as follows:

	Years
Buildings and improvements	25 - 30
Plant and equipment	10 - 15
Computer equipment	5
Furniture and fixtures	5
Motor vehicles	5

Depreciation of property, plant and equipment attributable to manufacturing activities is capitalized as part of the inventory, and expensed to cost of goods sold when inventory is sold. Depreciation related to abnormal amounts from idle capacity is charged to cost of goods sold for the period incurred.

Construction in progress represented capital expenditure in respect of the third production line and the trial production line. No depreciation is provided in respect of construction in progress.

Lease Prepayments
Lease prepayments represent the costs of land use rights in the PRC. Land use rights are carried at cost and charged to expense on a straight-line basis over the respective periods of rights of 30 years. The current portion of lease prepayments has been included in prepayments and other receivables in the balance sheet.

Intangible Assets
The Group acquired a trademark for use in the production and distribution of plastic flexible packaging materials. The trademark is carried at cost less accumulated amortization. Amortization expense is recognized on the straight-line basis over the estimated useful life of 5 years of the trademark.

Goodwill
Goodwill represents the excess of purchased cost over fair value of net assets of the Shandong Fuwei's acquired business. Goodwill is evaluated for impairment annually. The Company evaluates the carrying value of goodwill during the fourth quarter of each year and between annual evaluations if events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Such circumstances could include, but are not limited to: (1) a significant adverse change in legal factors or in business climate, (2)

unanticipated competition, or (3) an

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FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands except share and per share value)

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

adverse action or assessment by a regulator. When evaluating whether goodwill is impaired, the Company compares the fair value of the reporting unit to which the goodwill is assigned to the reporting unit's carrying amount, including goodwill. The fair value of the reporting unit is estimated using a combination of the income, or discounted cash flows, approach and the market approach, which utilizes comparable companies' data. If the carrying amount of a reporting unit exceeds its fair value, then the amount of the impairment loss must be measured. The impairment loss would be calculated by comparing the implied fair value of reporting unit goodwill to its carrying amount. In calculating the implied fair value of reporting unit goodwill, the fair value of the reporting unit is allocated to all of the other assets and liabilities of that unit based on their fair values. The excess of the fair value of a reporting unit over the amount assigned to its other assets and liabilities is the implied fair value of goodwill. An impairment loss would be recognized when the carrying amount of goodwill exceeds its implied fair value. The Company's evaluation of goodwill completed during the year resulted in no impairment losses.

Impairment of Long-lived Assets
Long-lived assets, other than goodwill, including property, plant, and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount in which the carrying amount of the asset exceeds the fair value of the asset.

Revenue Recognition
Sales of plastic flexible packaging materials are reported, net of value added taxes ("VAT"), sales returns, trade discounts and allowances. The standard terms and conditions under which the Group generally delivers allow a customer the right to return product for refund only if the product does not conform to product specifications; the non-conforming product is identified by the customer; and the customer rejects the non-conforming product and notifies the Group within 7 days and 30 days of receipt for sales to customers in the PRC and overseas, respectively. The Group recognizes revenue when products are delivered and the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable.

In the PRC, VAT of 17% on invoice amount is collected in respect of the sales of goods on behalf of tax authorities. The VAT collected is not revenue of the Group; instead, the amount is recorded as a liability on the consolidated balance sheet until such VAT is paid to the authorities.

Government Grants
Government grants are recognized in the consolidated balance sheet initially as deferred income when they have been received. Grants that compensate the Group for expenses incurred are recognized as a reduction of expenses in the consolidated statement of income in the same period in which the related expenses are incurred.

FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands except share and per share value)

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement and Other Post-retirement Benefits
Contributions to retirement schemes (which are defined contribution plans) are charged to expense as and when the related employee service is provided.

Income Taxes
Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Earnings Per Share
Basic earnings per share are computed by dividing net earnings by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by dividing net earnings by the weighted average number of ordinary and dilutive potential ordinary shares outstanding during the year. Diluted potential ordinary shares consist of shares issuable pursuant to stock option plan.

Use of Estimates
The preparation of the consolidated financial statements in accordance with US GAAP requires management of the Group to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. On an ongoing basis, management reviews its estimates and assumptions including those related to the recoverability of the carrying amount and the estimated useful lives of long-lived assets, valuation allowances for accounts receivable and realizable values for inventories. Changes in facts and circumstances may result in revised estimates.

Contingencies
In the normal course of business, the Group is subject to contingencies, including legal proceedings and claims arising out of the business that relate to a wide range of matters, including among others, product liability. The Group recognizes a liability for such contingency if it determines it is probable that a loss has occurred and a reasonable estimate of the loss can
be made. The Group may consider many factors in making these assessments including past history and the specifics of each matter. As the Group has not become aware of any product liability claim since operations commenced, the Group has not recognized a liability for any product liability claims.

Recently Issued Accounting Standards
In July 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement No. 109 ("FIN 48"). FIN 48 seeks to reduce the

FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands except share and per share value)

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

diversity in practice associated with certain aspects of measuring and recognition in accounting for income taxes. In addition, FIN 48 requires expanded disclosure with respect to the uncertainty in income taxes and is effective as of the beginning of the 2008 fiscal year. Management is currently evaluating the effect of this pronouncement on financial statements.

In September 2006, FASB issued SFAS No. 158 “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106, and 132(R)”. This Statement improves financial reporting by requiring an employer to recognize the over funded or under funded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income of a business entity or changes in unrestricted net assets of a not-for-profit organization. This Statement also improves financial reporting by requiring an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions. An employer with publicly traded equity securities is required to initially recognize the funded status of a defined benefit postretirement plan and to provide the required disclosures as of the end of the fiscal year ending after December 15, 2006. An employer without publicly traded equity securities is required to recognize the funded status of a defined benefit postretirement plan and to provide the required disclosures as of the end of the fiscal year ending after June 15, 2007. However, an employer without publicly traded equity securities is required to disclose the following information in the notes to financial statements for a fiscal year ending after December 15, 2006, but before June 16, 2007, unless it has applied the recognition provisions of this Statement in preparing those financial statements:

- A brief description of the provisions of this Statement;
- The date that adoption is required;
- The date the employer plans to adopt the recognition provisions of this Statement, if earlier.

The requirement to measure plan assets and benefit obligations as of the date of the employer’s fiscal year-end statement of financial position is effective for fiscal years ending after December 15, 2008. Management is currently evaluating the effect of this pronouncement on financial statements.

In February 2007, FASB issued FASB Statement No. 159, The Fair Value Option for Financial Assets and Financial Liabilities. FAS 159 is effective for fiscal years beginning after November 15, 2007. Early adoption is permitted subject to specific requirements outlined in the new Statement. Therefore, calendar-year companies may be able to adopt FAS 159 for their first quarter 2007 financial statements.

The new Statement allows entities to choose, at specified election dates, to measure eligible financial assets and liabilities at fair value that are not otherwise required to be measured at fair value. If a company elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. FAS 159 also establishes presentation and disclosure requirements designed to draw comparison between entities that elect different measurement attributes for similar assets and liabilities. Management is currently evaluating the effect of this pronouncement on financial statements.

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FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands except share and per share value)

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements". This Statement amends ARB 51 to establish accounting and reporting standards for the noncontrolling (minority) interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS No. 160 is effective for the Company's fiscal year beginning October 1, 2009. Management is currently evaluating the effect of this pronouncement on financial statements.

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations". This Statement replaces SFAS No. 141, Business Combinations. This Statement retains the fundamental requirements in Statement 141 that the acquisition method of accounting (which Statement 141 called the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination. This Statement also establishes principles and requirements for how the acquirer: a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree; b) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase and c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS No. 141(R) will apply prospectively to business combinations for which the acquisition date is on or after Company's fiscal year beginning October 1, 2009. While the Company has not yet evaluated this statement for the impact, if any, that SFAS No. 141(R) will have on its consolidated financial statements, the Company will be required to expense costs related to any acquisitions after September 30, 2009.

NOTE 3 - ACCOUNTS RECEIVABLE, NET

Accounts receivable at September 30, 2007 and December 31, 2006 consist of the following:

	Sept-30-07 (Unaudited)		Dec-31-06
	RMB	US$	RMB
Accounts receivable	35,691	4,761	39,053
Less: Allowance for doubtful accounts	–	–	(872)
Bills receivable	15,685	2,096	37,349
	51,376	6,857	75,530
	=========	=========	=========

Bill receivables are bank's acceptance bills which are guaranteed by bank.

FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands except share and per share value)

NOTE 4-INVENTORIES

Inventories at September 30, 2007 and December 31, 2006 consist of the following:

	Sept-30-07		Dec-31-06
	RMB	US$	RMB
	(Unaudited)		
Raw materials	16,550	2,209	10,526
Work-in-progress	1,765	236	2,029
Finished goods	32,366	4,320	10,874
Consumables and spare parts	427	56	354
	51,108	6,821	23,783
	=========	=========	=========

NOTE 5-PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment consist of the following:

	Sept-30-07		Dec-31-06
	RMB	US$	RMB
	(Unaudited)		
Buildings	33,699	4,498	33,699
Plant and equipment	276,462	36,897	276,328
Computer equipment	1,013	135	955
Furniture and fixtures	1,798	240	1,798
Motor vehicles	1,681	224	1,390
	314,653	41,994	314,170
Less: accumulated depreciation	(80,909)	(10,798)	(63,233)
	233,744	31,196	250,937
	=========	=========	=========

Total depreciation for the periods nine months ended September 30, 2007 and 2006 was RMB 18,295 (US$ 2,388) and RMB 18,318 (US$ 2,278), respectively of which RMB 17,404 (US$ 2,338) and RMB 17,744 (US$2,216), were included as a component of cost of goods sold. For the three months ended September 30, 2007 and 2006, depreciation expenses totaled RMB 6,553 (US$ 868) and RMB 6,618 (US$ 821) respectively. For the three months ended September 30, 2007 and 2006, depreciation expenses totaled RMB 6,400 (US$ 848) and RMB 6,044 (US$ 827) were included in cost of goods sold, respectively.

FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands except share and per share value)

NOTE 6 - CONSTRUCTION IN PROGRESS

Construction-in-progress represents capital expenditure in respect of the BOPET production line and the trial production line. Construction in progress was RMB 210,236 (US$28,058) ended September 30, 2007, and RMB 66,753 (US$ 8,553) ended December 31, 2006, respectively.

Interest expense capitalized during the periods ended September 30, 2007 and 2006 was RMB4,012 (US$ 524) and RMB 2,657 (US$332), respectively. For the three months ended September 30, 2007 and 2006, the interest expense capitalized was RMB 1,433 (US$190) and RMB1,687 (US$ 211).

NOTE 7 - LEASE PREPAYMENTS

As of September 30, 2007 and December 31, 2006, net of amortization land use right was RMB 22,890 (US$ 3,055) and RMB 23,059 (US$ 2,954), respectively.

As of September 30, 2007 and December 31, 2006, net of intangible assets was RMB 54 (US$7) and RMB 109 (US$ 13), respectively.

Amortization of land use rights and intangible assets for the nine months ended September 30, 2007 and 2006 was RMB561 (US$ 73) and RMB 368 (US$ 46), respectively. Amortization of land use rights for the three months ended September 30, 2007 and 2006 was RMB132 (US$ 17) and RMB 114 (US$ 14), respectively.

Amortization expenses for the next five years after September 30, 2007 is as follows:

	RMB	US$
1 year after	795	106
2 year after	741	99
3 year after	741	99
4 year after	741	99
5 year after	741	99

NOTE 8 - SHORT-TERM BANK LOANS

Interest rate per annum	Sept-30-07 (Unaudited) RMB	US$

ions

ary
6.732% 52,590 7,01

ary
6.732% 100,000 13,34

0, 6.696% Amortization of property, plant and equipment, intangibles and other increased over the comparable periods due to amortization related to the new Wireless division as well as the effect of higher foreign exchange rates on the
, translation of ViaWest and the amortization of new expenditures exceeding the amortization of assets that became fully amortized during the periods.

Amortization of financing costs and Interest expense

	Three months ended May 31,			Nine months ended May 31,		
(millions of Canadian dollars)	**2016**	2015	Change %	**2016**	2015	Change %
Amortization of financing costs long-term debt	**1**	1		**4**	2	100.0
Interest expense	**79**	71	11.3	**229**	211	8.5

Interest expense for the three and nine month periods ended May 31, 2016 increased over the comparable periods primarily due to increased debt related to the INetU and WIND acquisitions, foreign exchange on U.S. dollar denominated debt and a decrease in capitalized interest.

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Shaw Communications Inc.

Business acquisition costs

During the current quarter and year to date, the Company incurred $12 million and $20 million, respectively, of acquisition related costs for professional fees paid to lawyers, consultants, advisors and other related costs in respect of the acquisition of WIND which closed on March 1, 2016. Also included in the previous quarter was $1 million related to the acquisition of INetU. During the first quarter of the prior year, $6 million of costs were incurred in respect of the acquisition of ViaWest.

Equity loss of an associate or joint venture

For the three and nine month periods ended May 31, 2016, the Company recorded equity losses of $15 million and $51 million, respectively, compared to $14 million and $43 million for in the comparable periods related to its interest in shomi, the subscription video-on-demand service launched in early November 2014. For the three and nine month periods ended May 31, 2016, the Company recorded equity losses of $10 million related to its investment in Corus.

Other losses

This category generally includes realized and unrealized foreign exchange gains and losses on U.S. dollar denominated current assets and liabilities, gains and losses on disposal of property, plant and equipment and minor investments, and the Company s share of the operations of Burrard Landing Lot 2 Holdings Partnership. In the current year to date, the category also includes a write-down of $51 in respect of the Company s investment in shomi, a write-down of $20 in respect of a private portfolio investment and asset write-downs of $6. In the comparable year, the category included distributions of $27 from a venture capital fund investment, additional proceeds of $11 related to the fiscal 2012 Shaw Court insurance claim and asset write-downs of $55.

Income taxes

Income taxes are lower in the current year mainly due to a reduction in net income offset by an increase in the provincial tax rate and the impact of adjustments in the first quarter of fiscal 2015.

Financial position

Total assets were $15.1 billion at May 31, 2016 compared to $14.6 billion at August 31, 2015. Following is a discussion of significant changes in the consolidated statement of financial position since August 31, 2015.

Current assets decreased $210 million due to decreases in cash of $74 million and accounts receivable of $209 million, partially offset by increases in other current assets of $59 million and inventories of $19 million. Cash decreased as the cash outlay for investing and financing activities exceeded the funds provided by operations. Accounts receivable decreased primarily due to the sale of Shaw Media, partly offset by accounts receivable of WIND acquired during the quarter. Inventories and other current assets increased with the acquisition of WIND.

Investments and other assets increased $763 million primarily due to the Corus Class B shares received as proceeds on the sale of Shaw Media, partially offset by equity losses of associates and joint ventures and write-downs of an investment in shomi and an investment in a privately held entity.

Property, plant and equipment increased $266 million due to the WIND and INetU business acquisitions and capital investment in excess of amortization, partly offset by property, plant and equipment of Shaw

Shaw Communications Inc.

Media, which was sold during the quarter. Other long-term assets increased $14 million mainly due to the acquisition of WIND. Intangibles and goodwill decreased $318 million due to goodwill and intangibles related to Shaw Media which was disposed of during the quarter, partly offset by $1.6 billion of intangibles and $254 million goodwill recorded on the acquisitions of INetU and WIND, net software intangible additions and the ongoing effect of foreign exchange arising on translation of ViaWest.

Current liabilities decreased $281 million during the quarter due to decreases in the current portion of long-term debt of $201 million, accounts payable and accruals of $60 million and income taxes payable of $35 million, partially offset by a $16 million increase in unearned revenue. The decrease in current portion of long term debt is due to the repayment of the $300 million variable senior rate notes on February 1, 2016 and the $300 million 6.15% senior notes on May 9, 2016, partly offset by inclusion of the $400 million 5.70% senior notes due March 2, 2017. Income taxes payable decreased as a result of installments made in the period partially offset by the current period provision. Accounts payable and accruals decreased due accounts payable related to Shaw Media which was sold during the quarter and the timing of payment and fluctuations in various payables including capital expenditures and interest, partly offset by accounts payable related to the WIND acquisition.

Long-term debt increased $132 million due to the issuance of $300 million in fixed rate senior notes at a rate of 3.15% due February 19, 2021, the debt incurred related to the acquisition of INetU under ViaWest s and the Company s credit facility totaling US $170 million and the effect of foreign exchanges rates on ViaWest s debt and the Company s US dollar borrowings under its credit facility, partially offset by the reclassification of the 6.75% senior notes to current liabilities.

Other long-term liabilities decreased $53 million mainly due to amounts related to Shaw Media which was sold and contributions to employee benefit plans partially offset by actuarial losses recorded on those plans in the current quarter. Provisions increased due to the addition of WIND asset retirement obligations.

Deferred credits decreased $19 million due to a decline in deferred equipment revenue.

Deferred income tax liabilities increased $85 million primarily due to the amounts recorded on the acquisition of WIND and INetU, partly offset by amounts related to Shaw Media which was sold during the quarter and current year income tax recovery.

Shareholders equity increased $605 million primarily due to increases in share capital of $233 million and retained earnings of $624 million and a decrease in accumulated other comprehensive loss of $14 million and equity attributable to non-controlling interests of $236 million. Share capital increased due to the issuance of 6,789,953 Class B non-voting participating shares (Class B Non-Voting Shares) under the Company s option plan and Dividend Reinvestment Plan (DRIP) and the issuance of 2,866,384 Class B Non-Voting Shares in connection with the acquisition of WIND. As at June 15, 2016, share capital is as reported at May 31, 2016 with the exception of the issuance of a total of 332,675 Class B Non-Voting Shares upon exercise of options under the Company s option plan. Retained earnings increased due to current year earnings of $1,066 million, partially offset by dividends of $438 million while equity attributable to non-controlling interests decreased due to their share of current year earnings and derecognition in connection to the sale of Shaw Media. Accumulated other comprehensive loss decreased due to the net effect of exchange differences arising on the translation of ViaWest and U.S. dollar denominated debt designated as a hedge of the Company s net investment in those foreign operations as well as re-measurements recorded on employee benefit plans.

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Liquidity and capital resources

In the current year, the Company generated $473 million of free cash flow, including $132 million of free cash flow from discontinued operations. Shaw used its free cash flow along with cash of $74 million, $1.8 billion net proceeds on the sale of Shaw Media, $300 million proceeds from a 3.15% senior note issuance, borrowings of $1.4 billion under its credit facilities, borrowings of $178 million under ViaWest s credit facility and proceeds on issuance of Class B Non-Voting Shares of $22 million to repay at maturity $300 million of variable rate senior notes, repay at maturity $300 million 6.75% senior notes, finance the $223 million acquisition of INetU, finance the $1.6 billion acquisition of WIND, pay common share dividends of $286 million, fund the net working capital change of $41 million, make $69 million in financial investments, repay $1.4 billion borrowings under its credit facilities, invest an additional net $74 million in program rights, pay $27 million in restructuring costs and pay $20 million in other net items.

The Company issues Class B Non-Voting Shares from treasury under its DRIP which resulted in cash savings and incremental Class B Non-Voting Shares of $139 million during the nine months ending May 31, 2016.

On December 15, 2015, ViaWest closed the acquisition of 100% of the shares of INetU for approximately US$162 million which was funded through a combination of borrowings under ViaWest s and the Company s revolving credit facilities and an incremental term loan proceeds under ViaWest s credit facility. In addition, ViaWest s revolving credit facility was increased from US$85 million to US$120 million.

On February 11, 2016 the Company amended the terms of its bank credit facility to increase the maximum borrowings from $1.0 billion to $1.5 billion under the bank credit facility.

The Company entered into an agreement with a syndicate of lenders to provide a $1.0 billion non-revolving term loan facility to partially fund the acquisition of WIND. The Company used the proceeds of the term loan along with cash on hand, $300 million borrowings under its existing bank credit facility and proceeds from the issuance of 2,866,384 Class B Non-Voting Shares to finance the acquisition of WIND on March 1, 2016. The $1.0 billion non-revolving term loan facility and $300 million borrowings under the Company s bank credit facility were repaid on April 1, 2016 with the proceeds from the sale of Shaw Media to Corus.

Shaw s and ViaWest s credit facilities are subject to customary covenants which include maintaining minimum or maximum financial ratios. At May 31, 2016 Shaw is in compliance with these covenants and based on current business plans, the Company is not aware of any condition or event that would give rise to non-compliance with the covenants over the life of the borrowings.

	Covenant Limit
Shaw Credit Facilities	
Total Debt to Operating Cash Flow(1) Ratio	< 5.00:1
Operating Cash Flow(1) to Fixed Charges(2) Ratio	> 2.00:1
ViaWest Credit Facilities	
Total Net Leverage Ratio(3)	£ 6.50:1

(1) Operating Cash Flow, for the purposes of the covenants, is calculated as net earnings before interest expense, depreciation, amortization and current and deferred income taxes, excluding profit or loss from investments accounted for on an equity basis, for the most recently completed fiscal quarter multiplied by four, plus cash dividends and other cash distributions received in the most recently completed four fiscal quarters from investments accounted for on an equity basis.

(2) Fixed Charges are defined as the aggregate of interest expense for the most recently completed fiscal quarter multiplied by four and dividends paid or accrued on shares (other than participating shares) during the most recently completed four fiscal quarters.

(3) Total Net Leverage Ratio is calculated as the ratio of consolidated total debt under the facility as of the last day of the most recent completed four fiscal quarters to Consolidated Adjusted EBITDA of ViaWest for the same period. Consolidated Adjusted EBITDA, for the purposes of the covenants, is calculated similar to Operating income before restructuring and amortization with adjustments for certain items such as one-time expenses and extraordinary items.

On June 30, 2016, 1,987,607 of the Company s Cumulative Redeemable Rate Reset Class 2 Preferred Shares, Series A (Series A Shares) were converted into an equal number of Cumulative Redeemable Floating Rate Class 2 Preferred Shares, Series B (Series B Shares) in accordance with the notice of conversion right issued on May 31, 2016. As a result of the conversion, the Company has 10,012,393 Series A Shares and 1,987,607 Series B Shares issued and outstanding. The Series A Shares will continue to be listed on the TSX under the symbol SJR.PR.A. The Series B Shares began trading on the TSX on June 30, 2016 under the symbol SJR.PR.B. The annual fixed dividend rate for the Series A Shares, payable quarterly, was reset to 2.791% for the five year period from and including June 30, 2016 to but excluding June 30, 2021. The floating quarterly dividend rate for the Series B Shares was set at an annual dividend rate of 2.539% for the period from and including June 30, 2016 to but excluding September 30, 2016. The floating quarterly dividend rate will be reset quarterly.

Based on the aforementioned financing activities, available credit facilities and forecasted free cash flow, the Company expects to have sufficient liquidity to fund operations and obligations, including maturing debt, during the upcoming fiscal year. On a longer-term basis, Shaw expects to generate free cash flow and have borrowing capacity sufficient to finance foreseeable future business plans and refinance maturing debt.

Cash Flow from Operations

Operating Activities

(millions of Canadian dollars)	Three months ended May 31, **2016**	2015	Change %	Nine months ended May 31, **2016**	2015	Change %
Funds flow from operations	**403**	416	(3.1)	**1,113**	1,072	3.8
Net change in non-cash balances related to operations	**22**	(16)	237.5	**(27)**	(114)	76.3
Operating activities of discontinued operations	**2**	40	(95.0)	**108**	141	(23.4)
	427	440	(2.95)	**1,194**	1,099	8.6

For the three month period ended May 31, 2016, funds flow from operations decreased over the comparable period primarily due to higher restructuring costs, business acquisition costs and interest expense, partially offset by higher operating income before restructuring costs and amortization and lower income tax expense. On a year to date basis, funds flow from operations increased over the comparable period primarily due to higher operating income before restructuring costs and amortization restructuring costs, lower restructuring costs and lower income tax expense, partially offset by higher business acquisition costs and interest expense. The net change in non-cash working capital balances related to operations fluctuated over the comparative periods due to fluctuations in accounts receivable and the timing of payment of current income taxes payable and accounts payable and accrued liabilities.

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Shaw Communications Inc.

Investing Activities

(millions of Canadian dollars)	Three months ended May 31, **2016**	2015	Decrease	Nine months ended May 31, **2016**	2015	Decrease
Cash flow used in investing activities	**(65)**	(263)	198	**(910)**	(1,679)	769

The cash used in investing activities decreased over the comparable quarter due primarily to the proceeds on sale of Shaw Media exceeding the acquisition of WIND in the current quarter and reduced additions to investments and other assets, partly offset by higher cash outlay for capital expenditures in the current quarter. For the nine month period ended May 31, 2016, cash used in investing activities decreased over the comparable period primarily due to proceeds on sale of Shaw Media and lower additions to investments in the current year, partially offset by higher acquisitions and higher cash outlays for capital expenditures and inventory in the current year.

Financing Activities

The changes in financing activities during the comparative periods were as follows:

(millions of Canadian dollars)	Three months ended May 31, **2016**	2015	Nine months ended May 31, **2016**	2015
Bank loans net borrowings	**(25)**		**69**	361
ViaWest s credit facility and finance lease obligations	**(3)**	56	**172**	54
Repay Cdn variable rate senior notes			**(300)**	
Issuance of 3.15% senior unsecured notes			**300**	
Senior notes issuance cost			**(2)**	
Repay 6.15% senior unsecured notes	**(300)**		**(300)**	
Bank facility arrangement costs	**(5)**	(12)	**(11)**	(14)
Dividends	**(100)**	(98)	**(296)**	(282)
Issuance of Class B Non-Voting Shares	**10**	29	**22**	124
Financing activities of discontinued operations	**(12)**	(5)	**(12)**	(18)
	(435)	(30)	**(358)**	225

Accounting standards

The MD&A included in the Company s August 31, 2015 Annual Report outlined critical accounting policies, including key estimates and assumptions that management has made under these policies, and how they affect the amounts reported in the Consolidated Financial Statements. The MD&A also describes significant accounting policies where alternatives exist. The condensed interim consolidated financial statements follow the same accounting policies and methods of application as the most recent annual consolidated financial statements except as described below.

Accounting policies for WIND Mobile Corp. (WIND)

The Company has adopted the following accounting policies in respect of WIND.

Revenue

WIND earns its revenue from providing access to, and usage of, its wireless telecommunications infrastructure. The Company s principal sources of revenue and the methods of recognition of this revenue are as follows:

Monthly subscription fees for wireless voice, text and data services are recorded as revenue in the period the service is provided. Payments related to unearned prepaid services are recorded as deferred revenue at the reporting date.

Fees for wireless voice, text and data services on a pay-per-use basis are recognized in the period that the service is provided.

Revenue from the direct sale of equipment to subscribers or dealers is recognized when the equipment is delivered and accepted by the subscribers or dealers.

The Company offers a discretionary handset discount program, whereby the subscriber earns the applicable discount by maintaining services with the Company, such that the receivable relating to the discount at inception of the transaction is reduced over a period of time. A portion of future revenue earned in connection with the services is applied against the up-front discount provided on the handset. WIND also offers a plan allowing customers to receive larger up-front handset discounts than they would otherwise qualify for, if they pay a predetermined incremental charge to their existing service plan on a monthly basis. The charge is billed on a monthly basis and is recognized as revenue at that time.

The Company recognizes the handset discount as a receivable and revenue upon the sale of the equipment on the basis that the receivable is recoverable. The receivable is realized on a straight-line basis over the period which the discount is forgiven to a maximum of two years with an offsetting reduction to revenue. The amount receivable is classified as part of other current or non-current receivables, as applicable, in the consolidated statement of financial position.

Inventories

Inventories of wireless handsets, accessories and SIM cards are carried at the lower of cost and net realizable value. Cost is determined using the weighted average method and includes expenditures incurred in acquiring the inventories and bringing them to their existing condition and location. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses.

Recent accounting pronouncements

During the quarter, the Company adopted amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* outlined in *Sale or Contribution of Assets between and Investor and its Associates or Joint Venture* as issued by the IASB in September 2014. These amendments were to be applied prospectively to transactions occurring for annual periods commencing after a date to be determined by the IASB, however earlier application is permitted.

The Company has not yet adopted certain standards and amendments that have been issued but are not yet effective. The following pronouncements are being assessed to determine their impact on the Company s results and financial position.

IFRS 16, *Leases*, requires entities to recognize lease assets and lease obligations on the balance sheet. It may be applied retroactively or using a modified retrospective approach for annual periods commencing January 1, 2019, with early adoption permitted if IFRS 15, Revenue from Contracts with Customers has been adopted.

IAS 12, *Income Taxes* was amended in 2016 to clarify how to account for deferred tax assets related to debt instruments measured at fair value. It is required to be applied for annual periods commencing January 1, 2017.

IAS 7, *Statement of Cash Flows* was amended in 2016 to improve disclosures regarding changes in financing liabilities. It is required to be applied for annual period beginning on or after January 1, 2017.

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Shaw Communications Inc.

Risks and uncertainties

The significant risks and uncertainties affecting the Company and its business are discussed in the Company s August 31, 2015 Annual Report under Known events, trends, risks and uncertainties in Management s Discussion and Analysis.

The sale of Shaw Media and retention of a smaller equity interest in Corus has reduced the Company s exposure to risks relating to Media as described in the August 31, 2015 Annual Report.

The acquisition of WIND exposes Shaw to new risks relating to wireless operations. The descriptions of many of the risks discussed in the Company s August 31, 2015 Annual Report are relevant to the Company s expansion into the wireless communications business, including, risks described under Competition and technological change , Impact of regulation , Economic conditions , Interest rates, foreign exchange rates, and capital markets , Litiga Network failure , Information systems and internal business processes and Reliance on suppliers . The followin an overview of the regulatory environment relating to wireless operations and certain risks that are particular to WIND.

Overview of Regulatory Environment for Wireless Operations

WIND currently owns and operates a 3G mobile wireless network in Ontario, Alberta and British Columbia, and offers services to customers over this network as a Wireless Service Provider (WSP) and a Wireless CLEC.

The issuance of licenses for the use of radiofrequency spectrum in Canada is administered by Innovation, Science and Economic Development Canada (formerly, Industry Canada, and referred to as the Department) under the *Radiocommunication Act*. The use of spectrum is governed by conditions of license, including license term, transferability/divisibility, technical compliance requirements, lawful interception, research and development, and mandated antenna site sharing and domestic roaming services.

WIND s AWS-1 licenses were issued in March 2008 for a term of ten years. Prior to expiration, WIND may apply for license renewal for an additional license term of up to ten years. WIND s AWS-3 licenses were issued in April 2015 and have a term of 20 years. WIND has a high expectation that new licenses will be issued for a subsequent term through a renewal process unless a breach of license condition has occurred or some unforeseen issue occurs. The process for issuing licenses after the initial term, and applicable terms and conditions of such renewals, will be determined by the Department.

In June 2013, the Department set out a framework governing transfers, divisions and subordination of spectrum licenses for commercial mobile spectrum. The framework sets out considerations and criteria for reviewing and approving license transfers, prospective transfers, and deemed license transfers, which include the consideration of the quantum and concentration of license holdings of the applicants in the licensed area, availability of alternative spectrum, and the degree of deployment of spectrum by the applicants. The framework articulates review procedures and timelines.

The CRTC regulates mobile wireless services under the *Telecommunications Act*. In August 1994, the CRTC decided to forbear from regulating most areas pertaining to mobile wireless service (while deciding to maintain active oversight of customer confidential information and other general conditions for mobile wireless service, including mandating wireless number portability and issues pertaining mobile 911). Further, the CRTC published the current Wireless Code in June 2013 (which came into effect in December 2013), which imposes inter alia limitations on early cancellation fees to ensure

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customers are not liable to contract terms longer than two years, the unlocking of wireless devices, mandating trial periods for wireless contracts and setting default caps on overage roaming charges. In May 2015, the CRTC issued a comprehensive policy framework for wholesale wireless services, including roaming, tower sharing and mobile virtual network operators (MVNOs). The CRTC required the three national wireless incumbent carriers to provide wholesale roaming services to other wireless carriers, including WIND, at cost-based rates. A proceeding is underway to set these cost-based rates, which should be completed by late 2016 or early 2017. The CRTC did not mandate MVNO access services. The cost-based wholesale roaming tariff proceeding may have an impact on WIND s roaming costs, and on the rates and services that WIND can offer customers.

In December 2014, the Government of Canada s Bill C-43 received Royal Assent, providing that under the *Telecommunications Act* and the *Radiocommunication Act*, the CRTC and the Department can impose monetary penalties on companies that contravene associated laws, regulations and rules.

WIND s wireless operations are dependent on being able to locate and construct wireless antenna sites, which in some cases require certain authorizations or approvals from municipalities. In February 2013, a protocol related to the siting of wireless antenna systems was established to provide for a more comprehensive consultation process related to local land use priorities and new antenna site design parameters. The protocol contemplates notification of municipalities and the undertaking of public consultations in certain circumstances.

Risks for Wireless Operations

Changes to, or the introduction of new, laws, regulations, policies and conditions of license related to WIND s wireless operations, as well as the failure to issue new spectrum licenses, the failure to renew existing licenses, the failure to approve the transfer of licenses (if such were to be requested), and the issuance of additional spectrum licenses to WIND s competitors, could have a material adverse effect on WIND s business, including how WIND provides products and services, and WIND s financial condition, prospects and the results of operations. In addition, WIND could experience higher costs due to amended or newly-adopted laws and regulations, or decisions of the Department or the CRTC.

The Department may not renew WIND s mobile spectrum licenses on acceptable terms, or at all. The process for issuing or renewing licenses, including the terms and conditions of any renewed or new licenses, and whether license fees should apply for future license terms, is expected to be determined by the Department.

Competition for Wireless Operations

WIND operates in the highly competitive Canadian wireless market which is characterized by several large and established national and regional participants in Canada, and may face increased competition in the future from existing or new entrants or from alternate technologies, such as the use of Wi-Fi networks to deliver data services to customers beyond their home. Competition for new subscribers and retention of existing subscribers may require substantial promotional activity and increase our cost of customer acquisition, decrease our average revenue per user for wireless subscribers, or both, and may have other adverse effects on Shaw s operations and/or its financial results. Significant capital investments will be required to upgrade and maintain the WIND wireless network, and these investments may be need to be made before related revenues, if any, are realized.

Other Potential Risks for Wireless Operations

Concerns about alleged health risks relating to radiofrequency emissions may adversely affect WIND s business. Some studies have alleged links between radiofrequency emissions from certain wireless

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devices and cell sites and various health problems or possible interference with electronic medical devices, including hearing aids and pacemakers. All of WIND s cell sites comply with all applicable laws and regulations. Further, WIND relies on suppliers of network equipment and customer equipment to meet or exceed all applicable regulatory and safety requirements. No definitive evidence exists of harmful effects from exposure to radiofrequency emissions when legal limits are complied with. Additional studies of radiofrequency emissions are ongoing and WIND cannot be certain of results, which could result in additional or more restrictive regulation or exposure to potential litigation.

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Shaw Communications Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited)

[millions of Canadian dollars]	**May 31, 2016**	August 31, 2015
ASSETS		
Current		
Cash	**324**	398
Accounts receivable	**259**	468
Inventories	**79**	60
Other current assets	**137**	78
Assets held for sale *[note 12]*		5
	799	1,009
Investments and other assets *[notes 12 and 13]*	**860**	97
Property, plant and equipment	**4,486**	4,220
Other long-term assets	**274**	259
Deferred income tax assets	**8**	14
Intangibles	**7,452**	7,459
Goodwill	**1,195**	1,506
	15,074	14,564
LIABILITIES AND SHAREHOLDERS EQUITY		
Current		
Accounts payable and accrued liabilities	**827**	887
Provisions	**51**	52
Income taxes payable	**160**	195
Unearned revenue	**212**	196
Current portion of long-term debt *[notes 7 and 12]*	**407**	608
	1,657	1,938
Long-term debt *[notes 7 and 12]*	**5,193**	5,061
Other long-term liabilities	**133**	186
Provisions	**51**	10
Deferred credits	**569**	588
Deferred income tax liabilities	**1,220**	1,135
	8,823	8,918
Shareholders equity *[notes 8 and 10]*		
Common and preferred shareholders	**6,250**	5,409

Non-controlling interests in subsidiaries	**1**	237
	6,251	5,646
	15,074	14,564

See accompanying notes.

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Shaw Communications Inc.

CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

	Three months ended May 31,		Nine months ended May 31,	
(millions of Canadian dollars)	**2016**	2015	**2016**	2015
Revenue *[note 4]*	**1,283**	1,135	**3,578**	3,354
Operating, general and administrative expenses *[note 6]*	**(728)**	(608)	**(2,013)**	(1,842)
Restructuring costs *[notes 6 and 14]*	**(22)**	(1)	**(22)**	(37)
Amortization:				
Deferred equipment revenue	**16**	19	**52**	58
Deferred equipment costs	**(37)**	(41)	**(116)**	(123)
Property, plant and equipment, intangibles and other	**(229)**	(192)	**(640)**	(580)
Operating income from continuing operations	**283**	312	**839**	830
Amortization of financing costs long-term debt	**(1)**	(1)	**(4)**	(2)
Interest expense	**(79)**	(71)	**(229)**	(211)
Business acquisition costs	**(12)**		**(21)**	(6)
Equity income (loss) of an associate or joint venture	**(25)**	(14)	**(61)**	(43)
Impairment of goodwill *[note 15]*	**(17)**	(15)	**(17)**	(15)
Other losses *[note 16]*	**(74)**	(43)	**(82)**	(19)
Income from continuing operations before income taxes	**75**	168	**425**	534
Current income tax expense *[note 4]*	**44**	50	**165**	185
Deferred income tax recovery	**(27)**	(18)	**(52)**	(70)
Net income from continuing operations	**58**	136	**312**	419
Income from discontinued operations, net of tax *[note 3]*	**646**	73	**774**	185
Net income	**704**	209	**1,086**	604
Net income from continuing operations attributable to:				
Equity shareholders	**58**	136	**312**	419
Income (loss) from discontinued operations attributable to:				
Equity shareholders	**642**	65	**754**	165
Non-controlling interests in subsidiaries held for sale	**4**	8	**20**	20
	646	73	**774**	185

Basic earnings per share *[note 9]*				
Continuing operations	**0.11**	0.28	**0.63**	0.88
Discontinued operations	**1.33**	0.14	**1.58**	0.35
	1.44	0.42	**2.21**	1.23
Diluted earnings per share *[note 9]*				
Continuing operations	**0.11**	0.28	**0.63**	0.87
Discontinued operations	**1.33**	0.14	**1.57**	0.35
	1.44	0.42	**2.20**	1.22

See accompanying notes.

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Shaw Communications Inc.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited)

	Three months ended May 31,		Nine months ended May 31,	
(millions of Canadian dollars)	**2016**	2015	**2016**	2015
Net income	**704**	209	**1,086**	604
Other comprehensive income (loss) *[note 10]*				
Items that may subsequently be reclassified to income:				
Change in unrealized fair value of derivatives designated as cash flow hedges	**1**		**1**	6
Adjustment for hedged items recognized in the period		(2)		(4)
Unrealized loss on available-for-sale investment				(2)
Share of other comprehensive income of associates	**(1)**		**(1)**	
Exchange differences on translation of a foreign operation	**(36)**	(6)	**(8)**	125
Exchange differences on US denominated debt hedging a foreign operation	**16**	2	**5**	(50)
	(20)	(6)	**(3)**	75
Items that will not subsequently be reclassified to income:				
Remeasurements on employee benefit plans:				
Continuing operations	**(11)**	18	**(17)**	(6)
Discontinued operations	**3**	7	**2**	(4)
	(28)	19	**(18)**	65
Comprehensive income	**676**	228	**1,068**	669
Comprehensive income attributable to:				
Equity shareholders	**672**	220	**1,048**	649
Non-controlling interests in subsidiaries	**4**	8	**20**	20
	676	228	**1,068**	669

See accompanying notes.

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Shaw Communications Inc.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY

(unaudited)

Nine months ended May 31, 2016

	Attributable to equity shareholders						
[millions of Canadian dollars]	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total	Equity attributable to non-controlling interests	Total equity
Balance as at September 1, 2015	3,500	45	1,883	(19)	5,409	237	5,646
Net income			1,066		1,066	20	1,086
Other comprehensive income				(18)	(18)		(18)
Comprehensive income			1,066	(18)	1,048	20	1,068
Dividends			(299)		(299)		(299)
Dividend reinvestment plan	139		(139)				
Shares issued under stock option plan	26	(4)			22		22
Share-based compensation		2			2		2
Business acquisition	68				68		68
Distributions declared by subsidiaries to non-controlling interests						(12)	(12)
Derecognition/transfer on sale of discontinued operation *[note 3]*			(4)	4		(244)	(244)
Balance as at May 31, 2016	3,733	43	2,507	(33)	6,250	1	6,251

Nine months ended May 31, 2015

	Attributable to equity shareholders						
[millions of Canadian dollars]	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total	Equity attributable to non-controlling interests	Total equity
Balance as at September 1, 2014	3,182	64	1,589	(133)	4,702	235	4,937
Net income			584		584	20	604
Other comprehensive income				65	65		65
Comprehensive income			584	65	649	20	669
Dividends			(296)		(296)		(296)
Dividend reinvestment plan	123		(123)				
Shares issued under stock option plan	147	(22)			125		125

Share-based compensation		3			3		3
Distributions declared by subsidiaries to non-controlling interests						(18)	(18)
Balance as at May 31, 2015	3,452	45	1,754	(68)	5,183	237	5,420

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Shaw Communications Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(millions of Canadian dollars)	Three months ended May 31, **2016**	2015	Nine months ended May 31, **2016**	2015
OPERATING ACTIVITIES				
Funds flow from continuing operations *[note 11]*	**403**	416	**1,113**	1,072
Net change in non-cash balances related to continuing operations	**22**	(16)	**(27)**	(114)
Operating activities of discontinued operations	**2**	40	**108**	141
	427	440	**1,194**	1,099
INVESTING ACTIVITIES				
Additions to property, plant and equipment *[note 4]*	**(257)**	(203)	**(740)**	(634)
Additions to equipment costs (net) *[note 4]*	**(20)**	(17)	**(62)**	(53)
Additions to other intangibles *[note 4]*	**(24)**	(20)	**(77)**	(54)
Net reduction to inventories	**4**	4	**5**	43
Business acquisitions, net of cash acquired *[note 5]*	**(1,552)**		**(1,778)**	(893)
Proceeds on sale of discontinued operations, net of costs and cash sold	**1,798**		**1,798**	
Additions to investments and other assets	**(12)**	(29)	**(55)**	(110)
Distributions received and proceeds from sale of investments			**2**	29
Proceeds on disposal of property, plant and equipment		5	**6**	5
Investing activities of discontinued operations	**(2)**	(3)	**(9)**	(12)
	(65)	(263)	**(910)**	(1,679)
FINANCING ACTIVITIES				
Increase in long-term debt	**1,300**	510	**1,897**	921
Debt repayments	**(1,628)**	(452)	**(1,958)**	(506)
Bank facility arrangement costs	**(5)**	(12)	**(11)**	(14)
Issue of Class B Non-Voting Shares *[note 8]*	**10**	29	**22**	124
Dividends paid on Class A Shares and Class B Non-Voting Shares	**(96)**	(96)	**(286)**	(272)
Dividends paid on Preferred Shares	**(4)**	(4)	**(10)**	(10)
Financing activities of discontinued operations	**(12)**	(5)	**(12)**	(18)
	(435)	(30)	**(358)**	225
Effect of currency translation on cash balances	**(1)**	(1)		

Increase (Decrease) in cash	**(74)**	146	**(74)**	(355)
Cash, beginning of the period	**357**	136	**398**	637
Cash, classified as held for sale at beginning of period	**41**			
Cash of continuing operations, end of the period	**324**	282	**324**	282

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Shaw Communications Inc.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

May 31, 2016 and 2015

[all amounts in millions of Canadian dollars, except share and per share amounts]

1. CORPORATE INFORMATION

Shaw Communications Inc. (the Company) is a diversified Canadian communications company whose core operating business is providing: Cable telecommunications and Satellite video services to residential customers (Consumer); data networking, Cable telecommunications, Satellite video and fleet tracking services to businesses and public sector entities (Business Network Services); data centre colocation, cloud technology and managed IT solutions to businesses (Business Infrastructure Services); and wireless services for voice and data communications (Wireless). The Company s shares are listed on the Toronto Stock Exchange (TSX), TSX Venture Exchange ar New York Stock Exchange.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Statement of compliance

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB).

The condensed interim consolidated financial statements of the Company for the three and nine months ended May 31, 2016 were authorized for issue by the Audit Committee on July 14, 2016.

Basis of presentation

These condensed interim consolidated financial statements have been prepared primarily under the historical cost convention except as detailed in the significant accounting policies disclosed in the Company s consolidated financial statements for the year ended August 31, 2015 and are expressed in millions of Canadian dollars unless otherwise indicated. The condensed interim consolidated statements of income are presented using the nature classification for expenses.

The notes presented in these condensed interim consolidated financial statements include only significant events and transactions occurring since the Company s last fiscal year end and are not fully inclusive of all matters required to be disclosed by IFRS in the Company s annual consolidated financial statements. As a result, these condensed interim consolidated financial statements should be read in conjunction with the Company s consolidated financial statements for the year ended August 31, 2015.

The condensed interim consolidated financial statements follow the same accounting policies and methods of application as the most recent annual consolidated financial statements except as noted below.

Adoption of accounting policies for WIND Mobile Corp. (WIND)

The Company has adopted the following accounting policies in respect of WIND.

Revenue

WIND earns its revenue from providing access to, and usage of, its wireless telecommunications infrastructure. The Company s principal sources of revenue and the methods of recognition of this revenue are as follows:

Monthly subscription fees for wireless voice, text and data services are recorded as revenue in the period the service is provided. Payments related to unearned prepaid services are recorded as deferred revenue at the reporting date.

Fees for wireless voice, text and data services on a pay-per-use basis are recognized in the period that the service is provided.

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Shaw Communications Inc.

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(unaudited)

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[all amounts in millions of Canadian dollars, except share and per share amounts]

Revenue from the direct sale of equipment to subscribers or dealers is recognized when the equipment is delivered and accepted by the subscribers or dealers.

The Company offers a discretionary handset discount program, whereby the subscriber earns the applicable discount by maintaining services with the Company, such that the receivable relating to the discount at inception of the transaction is reduced over a period of time. A portion of future revenues earned in connection with the services is applied against the up-front discount provided on the handset. WIND also offers a plan allowing customers to receive larger up-front handset discounts than they would otherwise qualify for, if they pay a predetermined incremental charge to their existing service plan on a monthly basis. The charge is billed on a monthly basis and is recognized as revenue at that time.

The Company recognizes the handset discount as a receivable and revenue upon the sale of the equipment on the basis that the receivable is recoverable. The receivable is realized on a straight-line basis over the period which the discount is forgiven to a maximum of two years with an offsetting reduction to revenue. The amount receivable is classified as part of other current or non-current receivables, as applicable, in the consolidated statement of financial position.

Inventories

Inventories of wireless handsets, accessories and SIM cards are carried at the lower of cost and net realizable value. Cost is determined using the weighted average method and includes expenditures incurred in acquiring the inventories and bringing them to their existing condition and location. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses.

Standards and amendments to standards issued but not yet effective

During the quarter, the Company adopted amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* outlined in *Sale or Contribution of Assets between and Investor and its Associates or Joint Venture* as issued by the IASB in September 2014. These amendments were to be applied prospectively to transactions occurring for annual periods commencing after a date to be determined by the IASB, however earlier application is permitted.

The Company has not yet adopted certain standards and amendments that have been issued but are not yet effective. The following pronouncements are being assessed to determine their impact on the Company s results and financial position.

IFRS 16, *Leases,* requires entities to recognize lease assets and lease obligations on the balance sheet. For lessees, IFRS 16 removes the classification of leases as either operating leases or finance leases, effectively treating all leases as finance leases. Certain short-term leases (less than 12 months) and leases of low-value are exempt from the requirements and may continue to be treated as operating leases. Lessors will continue with a dual lease classification model. Classification will determine how and when a lessor will recognize lease revenue, and what assets would be recorded. It may be applied retroactively or using a modified retrospective approach for annual periods commencing January 1, 2019, with early adoption permitted if IFRS 15, *Revenue from Contracts with Customers* has been adopted.

IAS 12, *Income Taxes* was amended in 2016 to clarify how to account for deferred tax assets related to debt instruments measured at fair value. It is required to be applied for annual periods commencing January 1, 2017.

IAS 7, Statement of Cash Flows was amended in 2016 to improve disclosures regarding changes in financing liabilities. It is required to be applied for annual period beginning on or after January 1, 2017.

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Shaw Communications Inc.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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May 31, 2016 and 2015

[all amounts in millions of Canadian dollars, except share and per share amounts]

Discontinued operations

The Company reports financial results for discontinued operations separately from continuing operations to distinguish the financial impact of disposal transactions from ongoing operations. Discontinued operations reporting occurs when the disposal of a component or a group of components of the Company represents a strategic shift that will have a major impact on the Company s operations and financial results, and where the operations and cash flows can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Company.

The results of discontinued operations are excluded from both continuing operations and business segment information in the interim consolidated financial statements and the notes to the interim consolidated financial statements, unless otherwise noted, and are presented net of tax in the statement of income for the current and comparative periods. Refer to Note 3 Discontinued Operations for further information regarding the Company s discontinued operations.

3. DISCONTINUED OPERATIONS

In the second quarter of fiscal 2016, the Company announced it entered into an agreement with Corus Entertainment Inc. (Corus), a related party subject to common voting control, to sell 100% of its wholly owned subsidiary Shaw Media Inc. (Shaw Media) for a purchase price of approximately $2.65 billion comprised of $1.85 billion of cash and 71,364,853 Corus Class B non-voting participating shares.

Although, through holding of the shares in Corus, the Company will effectively retain an indirect, non-controlling interest in the Media division subsequent to the sale, the Company will no longer have control over the division. Accordingly, the assets and liabilities, operating results and operating cash flows for the previously reported Media segment are presented as discontinued operations separate from the Company s continuing operations. Prior period financial information has been reclassified to present the Media division as a discontinued operation.

The transaction closed on April 1, 2016, but remains subject to customary closing adjustments. The Company recognized a gain on the divestiture within income from discontinued operations as follows:

	May 31, 2016
Proceeds on disposal, net of transaction costs of $22	**2,645**

Non-controlling interest in disposed net assets	**244**
Net assets disposed	**(2,227)**
	662
Income taxes	**47**
Gain on divestiture, net of tax	**615**

In connection with the disposal, remeasurements of employee benefit plans related to discontinued operations of $4 were transferred within equity from accumulated other comprehensive income to retained earnings.

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Shaw Communications Inc.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

May 31, 2016 and 2015

[all amounts in millions of Canadian dollars, except share and per share amounts]

A reconciliation of the major classes of line items constituting income from discontinued operations, net of tax, as presented in the consolidated statements of income is as follows:

	Three months ended May 31,		Nine months ended May 31,	
	2016	2015	**2016**	2015
Revenue	**88**	303	**610**	848
Eliminations[1]	**(7)**	(19)	**(46)**	(58)
	81	284	**564**	790
Operating, general and administrative expenses				
Employee salaries and benefits	**16**	44	**109**	137
Purchases of goods and services[2]	**32**	143	**272**	418
	48	187	**381**	555
Eliminations[1]	**(7)**	(19)	**(46)**	(58)
	41	168	**335**	497
Restructuring costs		11		13
Amortization[2]		7	**11**	23
Accretion of long-term liabilities and provisions		1	**2**	3
Other losses (gains)	**(1)**	(1)		3
Income from discontinued operations before tax and gain on divestiture	**41**	98	**216**	251
Income taxes	**10**	25	**57**	66
Income from discontinued operations before gain on divestiture	**31**	73	**159**	185
Gain on divestiture, net of tax	**615**		**615**	
	646	73	**774**	185

Income from discontinued operations, net of tax

(1) Eliminations relate to intercompany transactions between continuing and discontinued operations. The costs are included in continuing operations as they are expected to continue to be incurred subsequent to the disposition.

(2) As of the date the Media division met the criteria to be classified as held for sale, the Company ceased amortization of non-current assets of the division, including program rights, property, plant and equipment, intangibles and other. Amortization that would otherwise have been taken in the three and nine month periods amounted to $15 and $35 for program rights and $2 and $6 for property, plant and equipment, intangibles and other.

4. BUSINESS SEGMENT INFORMATION

The Company s chief operating decision makers are the CEO, President and CFO and they review the operating performance of the Company by segments which comprise Consumer, Business Network Services, Business Infrastructure Services and Wireless. The chief operating decision makers utilize operating income before restructuring costs and amortization for each segment as a key measure in making operating decisions and assessing performance. The Consumer segment provides Cable telecommunications services including Video, Internet, WiFi and Phone, and Satellite Video, to Canadian consumers. The Business Network Services segment provides data networking, video, voice and Internet services through a national fibre-optic backbone network and also provides satellite Video services, and fleet tracking services to North American businesses and public sector entities. The Business Infrastructure Services segment provides data centre colocation, cloud and managed services to North American and European businesses. The Wireless segment, formed by the acquisition of WIND on March 1, 2016, provides wireless services for voice and data communications serving customers in Ontario, British Columbia and Alberta with 50MHz of spectrum covering these regions. All of the Company s reportable segments are substantially located in Canada with the exception of Business Infrastructure Services, consisting primarily of ViaWest which has operations located in the United States and Europe. Information on operations by segment is as follows:

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Shaw Communications Inc.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

May 31, 2016 and 2015

[all amounts in millions of Canadian dollars, except share and per share amounts]

Operating information

	Three months ended May 31,		Nine months ended May 31,	
	2016	2015	**2016**	2015
Revenue				
Consumer	**935**	949	**2,813**	2,813
Business Network Services	**136**	131	**409**	387
Business Infrastructure Services	**86**	63	**248**	178
Wireless	**132**		**132**	
	1,289	1,143	**3,602**	3,378
Intersegment eliminations	**(6)**	(8)	**(24)**	(24)
	1,283	1,135	**3,578**	3,354
Operating income before restructuring costs and amortization				
Consumer	**427**	439	**1,249**	1,252
Business Network Services	**66**	63	**196**	189
Business Infrastructure Services	**33**	25	**91**	71
Wireless	**29**		**29**	
	555	527	**1,565**	1,512
Restructuring costs	**(22)**	(1)	**(22)**	(37)
Amortization	**(250)**	(214)	**(704)**	(645)
Operating income	**283**	312	**839**	830
Current taxes				
Operating	**56**	62	**188**	207
Other/non-operating	**(12)**	(12)	**(23)**	(22)
	44	50	**165**	185

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Shaw Communications Inc.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

May 31, 2016 and 2015

[all amounts in millions of Canadian dollars, except share and per share amounts]

Capital expenditures

	Three months ended May 31,		Nine months ended May 31,	
	2016	2015	**2016**	2015
Capital expenditures accrual basis (1)				
Consumer and Business Network Services (2)	**179**	180	**581**	592
Business Infrastructure Services	**35**	43	**105**	82
Wireless	**51**		**51**	
	265	223	**737**	674
Equipment costs (net of revenue)				
Consumer and Business Network Services	**21**	20	**68**	62
Capital expenditures and equipment costs (net)				
Consumer and Business Network Services	**200**	200	**649**	654
Business Infrastructure Services	**35**	43	**105**	82
Wireless	**51**		**51**	
	286	243	**805**	736
Reconciliation to Consolidated Statements of Cash Flows				
Additions to property, plant and equipment	**257**	203	**740**	634
Additions to equipment costs (net)	**20**	17	**62**	53
Additions to other intangibles	**24**	20	**77**	54
Total of capital expenditures and equipment costs (net) per Consolidated Statements of Cash Flows	**301**	240	**879**	741
Increase/decrease in working capital and other liabilities related to capital expenditures	**(15)**	7	**(71)**	(7)
Decrease in customer equipment financing receivables	**1**	2	**5**	9

Less: Proceeds on disposal of property, plant and equipment		(5)	**(6)**	(5)
Less: Satellite equipment profit [(2)]	**(1)**	(1)	**(2)**	(2)
Total capital expenditures and equipment costs (net) reported by segments	**286**	243	**805**	736

(1) The three and nine months ended May 31, 2015 include $32 and $91, respectively, related to certain capital investments that were funded from the accelerated capital fund.

(2) The profit from the sale of satellite equipment is subtracted from the calculation of segmented capital expenditures and equipment costs (net) as the Company views the profit on sale as a recovery of expenditures on customer premise equipment.

5. BUSINESS ACQUISITIONS

Mid-Bowline Group Corp. (and its wholly owned subsidiary, WIND Mobile Corp.)

On March 1, 2016, the Company completed the acquisition of 100% of the shares of Mid-Bowline Group Corp. and its wholly owned subsidiary WIND Mobile Corp. (collectively, WIND) for enterprise value of $1.6 billion which was funded through a combination of cash on hand, a drawdown of $1.3 billion on the Company s credit facilities and the issuance of 2,866,384 Class B Non-Voting Participating Shares. The acquisition of WIND is a significant step in the Company s drive for growth and positions the Company to be a leading pure-play provider of connectivity that is focused on delivering consumer and business communications supported by best-in-class wireline, WiFi, wireless and data infrastructure.

The operating results of WIND are included in the Company s consolidated financial statements from the date of acquisition. WIND contributed $132 revenue and $2 net income for the period from March 1, 2016 to May 31, 2016. If the acquisition had closed on September 1, 2015, WIND revenue and net income would have approximated $393 and $6, respectively. In connection with the transaction, the Company incurred $20 of acquisition related costs for professional fees paid to lawyers, consultants and advisors.

Shaw Communications Inc.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

May 31, 2016 and 2015

[all amounts in millions of Canadian dollars, except share and per share amounts]

The fair value of purchase consideration consisted of $1,588 in cash and $68 in shares issued in connection with the acquisition. The purchase price equation is preliminary pending finalization of valuation of net assets acquired. A summary of net assets and preliminary allocation of consideration is as follows:

	$
Net assets acquired at assigned fair values	
Cash	35
Accounts receivable(1)	12
Inventories	24
Other current assets	58
Property, plant and equipment	277
Other long term assets	19
Intangibles (2)	1,560
Goodwill, not deductible for tax (3)	88
	2,073
Accounts payable and accrued liabilities	110
Unearned revenue	9
Current debt (4)	3
Long-term debt (4)	2
Provisions	43
Deferred income taxes	250
	1,656

(1) Accounts receivable consist of $23 gross contractual amounts receivable from customers less $11 not expected to be collected.

(2) Intangibles include wireless spectrum licenses, subscriber relationships and software assets.

(3) Goodwill comprises the value of growth opportunities created through the combination of businesses and networks, a strong management team and an assembled workforce.

(4) Current and long-term debt is comprised of finance lease obligations in respect of certain equipment.

INetU, Inc.

On December 15, 2015, ViaWest closed the acquisition of 100% of the shares of INetU, Inc. (INetU) for US$162 which was funded through a combination of borrowings under ViaWest s and the Company s revolving credit facilities as well as incremental term loan proceeds under ViaWest s credit facility. INetU is a solutions provider of public, private and hybrid cloud environments in addition to offering managed security and compliance services. The acquisition of INetU allows ViaWest to add new services to its cloud and managed offerings, and to expand its geographical footprint with eastern U.S. and European cloud locations.

INetU contributed $21 revenue and $7 net income for the period from December 15, 2015 to May 31, 2016. If the acquisition had closed on September 1, 2015, revenue and net income would have been approximately $35 and $11, respectively.

In connection with the transaction, the Company incurred $1 of acquisition related costs for professional fees paid to lawyers, consultants and advisors.

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The purchase consideration consisted of $223 in cash. The purchase price equation is preliminary pending finalization of valuation of net assets acquired. A summary of net assets and preliminary allocation of consideration is as follows:

	$
Net assets acquired at assigned fair values	
Cash and cash equivalents	
Receivables	4
Other current assets	1
Property and equipment	25
Intangibles (1)	68
Goodwill, not deductible for tax (2)	166
	264
Current liabilities	7
Deferred income taxes	34
	223

(1) Intangibles include customer relationships and software assets.

(2) Goodwill comprises the value of growth opportunities created through the combination of businesses, a strong management team and an assembled workforce. Goodwill decreased $8 at May 31, 2016 due to translation using the period end foreign exchange rate.

Other

Effective October 31, 2015, the Company acquired the assets of a small cable system serving approximately 1,300 video subscribers in British Columbia. The cash consideration of $2 has been allocated to property, plant and equipment and broadcast rights.

6. OPERATING, GENERAL AND ADMINISTRATIVE EXPENSES AND RESTRUCTURING COSTS

	Three months ended May 31,		Nine months ended May 31,	
	2016	2015	**2016**	2015
Employee salaries and benefits	**236**	187	**644**	602
Purchase of goods and services	**514**	422	**1,391**	1,277
	750	609	**2,035**	1,879

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7. LONG-TERM DEBT

	May 31, 2016			August 31, 2015		
	Long-term debt at amortized cost $	**Adjustment for finance costs $**	**Long-term debt repayable at maturity $**	Long-term debt at amortized cost $	Adjustment for finance costs $	Long-term debt repayable at maturity $
Corporate						
Bank loans (1)	**498**		**498**	434		434
Cdn fixed rate senior notes-						
6.15% due May 9, 2016				299	1	300
5.70% due March 2, 2017	**399**	**1**	**400**	399	1	400
5.65% due October 1, 2019	**1,246**	**4**	**1,250**	1,245	5	1,250
5.50% due December 7, 2020	**498**	**2**	**500**	497	3	500
3.15% due February 19, 2021	**298**	**2**	**300**			
4.35% due January 31, 2024	**497**	**3**	**500**	497	3	500
6.75% due November 9, 2039	**1,418**	**32**	**1,450**	1,418	32	1,450
	4,854	**44**	**4,898**	4,789	45	4,834
Cdn variable rate senior notes-						
Due February 1, 2016				300		300
	4,854	**44**	**4,898**	5,089	45	5,134
Other						
ViaWest credit facility (2)	**670**	**13**	**683**	506	12	518
ViaWest other	**31**		**31**	34		34
WIND - other	**5**		**5**			
Burrard Landing Lot 2 Holdings Partnership	**40**		**40**	40		40
Total consolidated debt	**5,600**	**57**	**5,657**	5,669	57	5,726
Less current portion (3)	**407**		**407**	608	1	609
	5,193	**57**	**5,250**	5,061	56	5,117

(1) Bank loans include borrowings of USD $380 at May 31, 2016 (August 31, 2015 USD $330). During the previous quarter, the Company amended the terms of its bank credit facility to increase the maximum borrowings from $1 billion to $1.5 billion.

(2) In connection with the INetU acquisition completed during the previous quarter, ViaWest increased its term loan by USD $80 and increased its revolving credit facility by USD $35.

(3) Current portion of long-term debt includes the 5.70% senior notes due March 2017 and the amounts due within one year in respect of ViaWest s term loan, and ViaWest s and WIND s finance lease obligations and landlord debt.

On February 19, 2016, the Company issued $300 senior notes at a rate of 3.15% due February 19, 2021.

During the third quarter, related to the acquisition of WIND, the Company entered into $1.0 billion non-revolving credit facility with a syndicate of lenders (the WIND Facility). The full amount of the WIND Facility was drawn to fund the acquisition of WIND, along with $300 million drawn on the Company s existing credit facility. These amounts were repaid using the cash proceeds received from the Shaw Media disposition.

8. SHARE CAPITAL

Changes in share capital during the nine months ended May 31, 2016 are as follows:

	Class A Shares		**Class B Non-Voting Shares**		**Preferred Shares**	
	Number	$	Number	$	Number	$
August 31, 2015	22,420,064	2	451,471,562	3,205	12,000,000	293
Issued upon stock option plan exercises			1,079,248	26		
Issued pursuant to dividend reinvestment plan			5,710,705	139		
Issued in connection with acquisition of WIND			2,866,384	68		
May 31, 2016	22,420,064	2	461,127,899	3,438	12,000,000	293

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9. EARNINGS PER SHARE

Earnings per share calculations are as follows:

	Three months ended May 31,		Nine months ended May 31,	
	2016	2015	**2016**	2015
Numerator for basic and diluted earnings per share ($)				
Net income from continuing operations	**58**	136	**312**	419
Deduct: dividends on Preferred Shares	**(3)**	(3)	**(11)**	(11)
Net income attributable to common shareholders from continuing operations	**55**	133	**301**	408
Net income (loss) from discontinued operations	**646**	73	**774**	185
Deduct: net income from discontinued operations attributable to non-controlling interests	**(4)**	(8)	**(20)**	(20)
Net income from discontinued operations attributable to common shareholders	**642**	65	**754**	165
Net income attributable to common shareholders	**697**	198	**1,055**	573
Denominator (millions of shares)				
Weighted average number of Class A Shares and Class B Non-Voting Shares for basic earnings per share	**482**	471	**478**	466
Effect of dilutive securities (1)	**1**	2	**1**	3
Weighted average number of Class A Shares and Class B Non-Voting Shares for diluted earnings per share	**483**	473	**479**	469
Basic earnings per share ($)				
Continuing operations	**0.11**	0.28	**0.63**	0.88
Discontinued operations	**1.33**	0.14	**1.58**	0.35

Attributable to common shareholders	**1.44**	0.42	**2.21**	1.23
Diluted earnings per share ($)				
Continuing operations	**0.11**	0.28	**0.63**	0.87
Discontinued operations	**1.33**	0.14	**1.57**	0.35
Attributable to common shareholders	**1.44**	0.42	**2.20**	1.22

(1) The earnings per share calculation does not take into consideration the potential dilutive effect of certain stock options since their impact is anti-dilutive. For the three and nine months ended May 31, 2016, 2,116,921 (2015 2,836,837) and 1,426,173 (2015 1,891,410) options were excluded from the diluted earnings per share calculation.

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10. OTHER COMPREHENSIVE INCOME AND ACCUMULATED OTHER COMPREHENSIVE LOSS

Components of other comprehensive income and the related income tax effects for the nine months ended May 31, 2016 are as follows:

	Amount $	Income taxes $	Net $
Items that may subsequently be reclassified to income			
Change in unrealized fair value of derivatives designated as cash flow hedges	**1**		**1**
Share of other comprehensive income of associates	**(1)**		**(1)**
Exchange differences on translation of a foreign operation	**(8)**		**(8)**
Exchange differences on translation of US denominated debt hedging a foreign operation	**5**		**5**
	(3)		**(3)**
Items that will not be subsequently be reclassified to income			
Remeasurements on employee benefit plans:			
Continuing operations	**(23)**	**6**	**(17)**
Discontinued operations	**2**		**2**
	(24)	**6**	**(18)**

Components of other comprehensive income and the related income tax effects for the three months ended May 31, 2016 are as follows:

	Amount $	Income taxes $	Net $
Items that may subsequently be reclassified to income			
Change in unrealized fair value of derivatives designated as cash flow hedges	**1**		**1**

Share of other comprehensive income of associates	**(1)**		**(1)**
Exchange differences on translation of a foreign operation	**(36)**		**(36)**
Exchange differences on translation of US denominated debt hedging a foreign operation	**16**		**16**
	(20)		**(20)**
Items that will not be subsequently be reclassified to income			
Remeasurements on employee benefit plans:			
Continuing operations	**(15)**	**4**	**(11)**
Discontinued operations	**4**	**(1)**	**3**
	(31)	**3**	**(28)**

Components of other comprehensive income and the related income tax effects for the nine months ended May 31, 2015 are as follows:

	Amount $	**Income taxes $**	**Net $**
Items that may subsequently be reclassified to income			
Change in unrealized fair value of derivatives designated as cash flow hedges	**8**	**(2)**	**6**
Adjustment for hedged items recognized in the period	**(5)**	**1**	**(4)**
Unrealized loss on available-for-sale investment	**(2)**		**(2)**
Exchange differences on translation of a foreign operation	**125**		**125**
Exchange differences on translation of US denominated debt hedging a foreign operation	**(50)**		**(50)**
	76	**(1)**	**75**
Items that will not be subsequently be reclassified to income			
Remeasurements on employee benefit plans:			
Continuing operations	**(8)**	**2**	**(6)**
Discontinued operations	**(6)**	**2**	**(4)**
	62	**3**	**65**

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Components of other comprehensive income and the related income tax effects for the three months ended May 31, 2015 are as follows:

	Amount $	Income taxes $	Net $
Items that may subsequently be reclassified to income			
Change in unrealized fair value of derivatives designated as cash flow hedges			
Adjustment for hedged items recognized in the period	(3)	1	(2)
Unrealized loss on available-for-sale investment			
Exchange differences on translation of a foreign operation	(6)		(6)
Exchange differences on translation of US denominated debt hedging a foreign operation	2		2
	(7)	1	(6)
Items that will not be subsequently be reclassified to income			
Remeasurements on employee benefit plans:			
Continuing operations	24	(6)	18
Discontinued operations	10	(3)	7
	27	(8)	19

Accumulated other comprehensive loss is comprised of the following:

	May 31, 2016 $	August 31, 2015 $
Items that may subsequently be reclassified to income		
Change in unrealized fair value of derivatives designated as cash flow hedges	1	
Share of other comprehensive income of associates	(1)	
Unrealized loss on available-for-sale investment	(5)	(5)

Foreign currency translation adjustments	**107**	110
Items that will not be subsequently reclassified to income		
Remeasurements on employee benefit plans:		
Continuing operations	**(135)**	(119)
Discontinued operations		(5)
	(33)	(19)

11. STATEMENTS OF CASH FLOWS

Disclosures with respect to the Consolidated Statements of Cash Flows are as follows:

(i) Funds flow from continuing operations

	Three months ended May 31,		Nine months ended May 31,	
	2016	2015	**2016**	2015
Net income from continuing operations	**58**	136	**312**	419
Adjustments to reconcile net income to funds flow from operations:				
Amortization	**252**	215	**708**	648
Deferred income tax recovery	**(27)**	(18)	**(52)**	(69)
Share-based compensation	**1**	1	**2**	3
Defined benefit pension plans	**3**	4	**(17)**	(16)
Accretion of long-term liabilities and provisions			**(1)**	(1)
Equity loss of an associate or joint venture	**25**	14	**61**	43
Impairment of goodwill	**17**	15	**17**	15
Loss on write-down of assets	**1**	55	**8**	58
Loss on write-down of investments	**70**		**70**	
Distributions from a venture capital investment				(27)
Other	**3**	(6)	**5**	(1)
Funds flow from continuing operations	**403**	416	**1,113**	1,072

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(ii) Interest and income taxes paid and interest received and classified as operating activities are as follows:

	Three months ended May 31,		Nine months ended May 31,	
	2016	2015	**2016**	2015
Interest paid	**131**	109	**280**	247
Income taxes paid (net of refunds)	**15**	62	**227**	333
Interest received		1		1

(iii) Non-cash transactions:

The Consolidated Statements of Cash Flows exclude the following non-cash transactions:

	Three months ended May 31,		Nine months ended May 31,	
	2016	2015	**2016**	2015
Issuance of Class B Non-Voting Shares:				
Dividend reinvestment plan	**46**	44	**139**	123

12. FAIR VALUE

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 judgement and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Financial instruments

The fair value of financial instruments has been determined as follows:

(i) Current assets and current liabilities

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

(ii) Investments and other assets and other long-term assets

The fair value of publicly traded investments is determined by quoted market prices. Investments in private entities which do not have quoted market prices in an active market and whose fair value cannot be readily measured are carried at cost. No published market exists for such investments. Theses equity investments have been made as they are considered to have the potential to provide future benefit to the Company and accordingly, the Company has no current intention to dispose of these investments in the near term. The fair value of long-term receivables approximates their carrying value as they are recorded at the net present values of their future cash flows, using an appropriate discount rate.

(iii) Long-term debt

The carrying value of long-term debt is at amortized cost based on the initial fair value as determined at the time of issuance or at the time of a business acquisition. The fair value of publicly traded notes is based upon current trading values. The fair value of finance lease obligations is determined by discounting future cash flows using a rate for loans with similar terms, conditions and maturity dates. The carrying value of bank credit facilities approximates fair value as the debt bears interest at rates that fluctuate with market values. Other notes and debentures are valued based upon current trading values for similar instruments.

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(iv) Other long-term liabilities

The fair value of program rights payable, estimated by discounting future cash flows, approximates their carrying value. The fair value of contingent consideration arising from a business acquisition is determined by calculating the present value of the probability weighted assessment of the likelihood that revenue targets will be met and the estimated timing of such payments.

(v) Derivative financial instruments

The fair value of US currency forward purchase contracts is determined by an estimated credit-adjusted mark-to-market valuation using observable forward exchange rates at the end of reporting periods and contract forward rates.

The carrying values and estimated fair values of an investment in a publicly traded company, long-term debt and a contingent liability are as follows:

	May 31, 2016		August 31, 2015	
	Carrying value $	**Estimated fair value $**	Carrying value $	Estimated fair value $
Assets				
Investment in publicly traded company [1]	**4**	**4**	4	4
Liabilities				
Long-term debt (including current portion) [2]	**5,600**	**6,232**	5,669	6,307
Contingent liability[3]	**2**	**2**	2	2

(1) Level 1 fair value determined by quoted market prices.
(2) Level 2 fair value determined by valuation techniques using inputs based on observable market data, either directly or indirectly, other than quoted prices.
(3) Level 3 fair value determined by valuation techniques using inputs that are not based on observable market data.

Real estate property

A real estate property was classified as held for sale in the statement of financial position at August 31, 2015. At August 31, 2015, the property s fair value of $5 was based on the sale which closed during the first quarter.

13. INVESTMENTS AND OTHER ASSETS

Corus Entertainment Inc.

In connection with the sale of the Media division to Corus, the Company received 71,364,853 Corus Class B non-voting participating shares representing approximately 37% of Corus total issued equity of Class A and Class B shares. Although the Class B Corus shares do not have voting rights, the Company is considered to have significant influence due to Board representation.

Corus is a leading media and content company that creates and delivers high quality brands and content across platforms for audiences around the world. The company s portfolio of multimedia offerings encompasses 45 specialty television services, 39 radio stations, 15 conventional television stations, a global content business, digital assets, live events, children s book publishing, animation software, technology and media services. Corus is headquartered in Canada, and its stock is listed on the TSX under the symbol CJR.B.

The Company participates in Corus dividend reinvestment program for its initial investment in Corus Class B Shares. For the three and nine month periods ended May 31, 2016, the Company received dividends of $14 from

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Corus that were reinvested in additional Corus Class B shares. At May 31, 2016, the Company owned 72,499,684 Corus Class B shares having a fair value of $911 and representing 37% of the total issued equity of Corus. The Company s weighted average ownership of Corus for the period from April 1 to May 31, 2016 was 37%.

Summary financial information for Corus at May 31, 2016 and for the three and nine months then ended is as follows:

	$	$
Current assets		538
Non-current assets		5,657
Current liabilities		(599)
Non-current liabilities		(3,081)
Net assets		2,515
Less: non-controlling interests		(159)
		2,356
Carrying amount of the investment		822
Revenue	361	787
Net income (loss) attributable to:		
Shareholders	(16)	128
Non-controlling interest	5	7
	(11)	135
Other comprehensive income, attributable to shareholders	(4)	(3)
Comprehensive income	(15)	132
Equity income from associates[1]	(10)	(10)
Other comprehensive income from equity accounted associates[1]	(1)	(1)

	(11)	(11)

(1) The Company s share of income and other comprehensive income reflect the weighted average proportion of Corus net income and other comprehensive income attributable to shareholders from April 1, 2016.

14. RESTRUCTURING COSTS

During 2014 and 2015, the Company undertook organizational changes and restructured its operations across its Consumer and Business Network Services operating segments. The remaining costs in respect of the restructuring activities were paid in fiscal 2016.

During the third quarter of the current year, the Company underwent a restructuring following a set of significant asset realignment initiatives, including the acquisition of WIND and the divestiture of Shaw Media. In connection with the restructuring, the Company recorded $24 primarily related to severance and employee related costs in respect of the approximate 200 affected employees. The continuity of the restructuring provisions follows and the majority of remaining costs are expected to be paid within the next seven months.

	$
Balance as at September 1, 2015	17
Additions	24
Unused amounts related to prior restructuring provisions	(2)
Payments	(27)
Balance as at May 31, 2016	12

15. IMPAIRMENT OF GOODWILL

As a result of the Company s annual impairment test of goodwill and indefinite-life intangibles, an impairment charge of $17 was recorded in the current quarter with respect to goodwill associated with the Tracking operations in the Business Network Services division. The Company estimated the recoverable amount using a discounted cash flow analysis based on the most recent estimates of future operating results which are reflective of long-term pressures as customers migrate from satellite based tracking to wireless tracking, and technology changes in the industry.

16. OTHER LOSSES

Other gains/losses generally includes realized and unrealized foreign exchange gains and losses on US dollar denominated current assets and liabilities, gains and losses on disposal of property, plant and equipment and minor investments, and the Company s share of the operations of Burrard Landing Lot 2 Holdings Partnership. In the current year, the category also includes a write-down of $51 in respect of the Company s investment in shomi, a write-down of $20 in respect of a private portfolio investment and asset write-downs of $6. In the comparable year, the category included distributions of $27 from a venture capital fund investment, additional proceeds of $11 related to the fiscal 2012 Shaw Court insurance claim and asset write-downs of $55.

17. SUBSEQUENT EVENTS

On June 30, 2016, 1,987,607 of the Company s Cumulative Redeemable Rate Reset Class 2 Preferred Shares, Series A (Series A Shares) were converted into an equal number of Cumulative Redeemable Floating Rate Class 2 Preferred Shares, Series B (Series B Shares) in accordance with the notice of conversion right issued on May 31, 2016. As a result of the conversion, the Company has 10,012,393 Series A Shares and 1,987,607 Series B Shares issued and outstanding. The Series A Shares will continue to be listed on the TSX under the symbol SJR.PR.A. The Series B Shares began trading on the TSX on June 30, 2016 under the symbol SJR.PR.B. The annual fixed dividend rate for the Series A Shares, payable quarterly, was reset to 2.791% for the five year period from and including June 30, 2016 to but excluding June 30, 2021. The floating quarterly dividend rate for the Series B Shares was set at an annual dividend rate of 2.539% for the period from and including June 30, 2016 to but excluding September 30, 2016. The floating quarterly dividend rate will be reset quarterly.