



# **CanWest Global Communications Corp.**

## Interim Report to Shareholders

**FOR THE NINE MONTHS  
ENDED MAY 31, 2000**

[www.canwestglobal.com](http://www.canwestglobal.com)



## HIGHLIGHTS

- ▶ Subsequent to the end of the quarter, the Canadian Radio-television and Telecommunications Commission approved CanWest's application for the acquisition of the WIC Television assets in its entirety. The decision marks the end of CanWest's decade long program to build a national network and positions Global Television to launch into the new century on a national platform with complementary regional coverage. Please see pg. 10 for a list of the assets acquired.
- ▶ CanWest Radio New Zealand acquired a 72% stake in RadioWorks NZ Limited - New Zealand's second largest radio group, which owns and operates four national radio networks and 27 local stations. Combined with Canwest Radio's MORE FM, this will result in a stronger radio group leading to higher growth profit.
- ▶ Global continues to present the top-rated prime-time line-up with 4 of the top 5 and 7 of the top 10 shows in the key Toronto / Hamilton market.
- ▶ A 25% increase in broadcast operating profits for the quarter.
- ▶ A 45% increase in revenues for the quarter over the same period last year.
- ▶ CanWest acquisition of the WIC Television assets closed on March 31.
- ▶ CanWest Entertainment's **Rules of Engagement** opened #1 in North America leading to strong international sales and a substantial increase in revenue and operating profits.
- ▶ CanWest Interactive's LifeServ announced a significant marketing deal with Canadian financial services giant Clarica.
- ▶ Medbroadcast.com, part of the CanWest Interactive portfolio, was named to the top 25 web sites in Canada.

## FINANCIAL RESULTS

We are pleased to submit our report on the Company's results for the nine months ended May 31, 2000, as we aggressively pursue our strategy of transforming our Company from a traditional television broadcaster to a fully integrated media group.

### BASIS OF PRESENTATION

Financial results are reported in Canadian dollars (unless otherwise noted) and prepared on a combined basis. The combined financial statements consolidate our 57.5% interest in Network TEN on a proportionate basis, and also consolidate our interest in the WIC television assets from the date of acquisition, March 31, 2000. The acquisition of WIC television assets is subject to approval by the regulator, the Canadian Radio-television and Telecommunications Commission (CRTC). Until we receive CRTC approval, the results of those WIC assets regulated by the CRTC will be accounted by the equity method in the consolidated financial statements. Net earnings, and earnings per share on a combined basis are the same as net earnings and earnings per share reported on a Canadian GAAP basis.

### NINE MONTH FINANCIAL HIGHLIGHTS

In general, all of our business units are experiencing healthy growth, except for Global Television which faced a difficult advertising market in the first six months. However, the addition of WIC assets once again signals strong growth in our Canadian television operations as we reshape the Global Television Network and the new assets into an integrated, 21st Century television operation.

Also noteworthy is that the health of our international operations has been somewhat offset in our results due to weaker Australian and New Zealand currencies.

### **REVENUE**

Combined revenue of \$815.8 million for the nine months ended May 31, 2000 represented an increase of 16% over revenue of \$701.6 million in the same period last year. This reflects the following:

- Global Television's revenue was \$357.2 million for the first nine months of the year, in line with revenue for the same period last year of \$358.1 million.
- Prime TV posted revenues for the nine months of \$10.7 million, a 76% increase over the \$6.1 million reported last year.



- WIC Television's revenue for the two months ended May 31, 2000 contributed \$56.9 million to combined revenues. This represented an improvement of 2% over revenues reported by WIC for the same two months last year. On a year to date basis, including the period prior to acquisition, total revenue from WIC television stations was up marginally to \$244.4 million compared to \$242.9 million last year.

- Network TEN's revenue increased 3% to A\$406.2 million from A\$393.7 million in the first nine months of fiscal 1999.

The Company's reported contributions from Network TEN are affected by changes in the relative value of the Australian currency. For the first nine months of fiscal 2000, Network TEN's results were converted at an average rate of \$0.9168 compared to \$0.9438 for the same period last year. After conversion to Canadian dollars, Network TEN's 57.5% contribution to the Company's revenue improved marginally from \$213.4 million to \$214.4 million over the same period last year.

- TV3 New Zealand's revenue was up 13%, to NZ\$70.8 million for the first nine months of this year from NZ\$62.9 million for the first nine months of fiscal 1999. This reflected an improved New Zealand television advertising market and new revenues flowing from sports rights. New Zealand results have been converted into Canadian dollars at an average rate of \$0.7341 compared to \$0.7987 last year, representing a decline of 9% in the rate at which results are translated. After conversion to Canadian dollars, TV3's contribution to the Company's revenue for the first nine months of 2000 increased 4% to \$52.0 million from \$50.1 million last year.

- CanWest New Zealand Radio's revenue increased by 14% in the first nine months of fiscal 2000, to NZ\$21.7 million from NZ\$19.0 million for the same period last year. Results in the current year include two new stations. On a same station basis, revenues increased 8%. After conversion to Canadian dollars, revenues were \$15.9 million this year versus \$15.2 million last year.

- CanWest Entertainment's revenue at \$83.7 million for the nine months ending May 31, 2000 was 107% ahead of last year's revenues of \$40.3 million. This year's significantly expanded program slate included delivery of the feature hit **Rules of Engagement** which contributed to the increase in revenues. As CanWest Entertainment recognizes revenue upon delivery of its programs, revenues may vary significantly from period to period.

- Revenue from operations in development totalled \$25.7 million for the first nine months of the year versus \$18.3 million for the same period last year. This includes the Company's 50% share of

revenue from ROBTv for two months at \$943,000; the TV4 Network in New Zealand, contributing NZ\$4.6 million (or \$3.4 million); and the TV3 Network in Ireland, contributing IPE11.6 million (or \$21.4 million). Revenues in local currency from TV3 Ireland, now in its second year of operation, were up 81% over last year.

### **BROADCAST OPERATING PROFIT (EBITDA)**

Combined broadcast operating profit (before corporate and development costs) for the first nine months ended May 31, 2000 was \$251.9 million compared to \$231.7 million for the same period last year, an increase of 9%. This result reflected the following:

- Global Television's broadcast operating profit declined to \$149.5 million from \$156.7 million in the same period last year, reflecting increased programming costs combined with a flat revenue market, a situation we expect will be reversed in fiscal 2001.
- Prime TV contributed \$2.4 million in broadcast operating profit for the nine months, compared to a loss of \$1.1 million in the same period last year.
- WIC Television contributed \$19.0 million to combined broadcast operating profit since the date of acquisition. For the year to date, including the period prior to the acquisition, WIC Television broadcast operating profits were up 13% to \$67.8 million from \$60.0 million for the comparable nine month period in the prior year.
- Network TEN's broadcast operating profit increased 2% to A\$147.3 million in the first nine months of 2000 compared to A\$143.9 million for the same period last year. CanWest's 57.5% share of this result amounted to \$77.9 million for both the current and prior years.
- TV3 New Zealand broadcast operating profit was NZ\$5.7 million this year compared to NZ\$6.4 million in the first nine months last year. Strong revenue growth was offset by increased programming costs primarily due to the strength of the U.S. dollar in relation to the New Zealand dollar. Excluding the effect of the currency movement, broadcast operating profit for the nine months increased by NZ\$4.0 million when compared to the same period last year. TV3's contribution in Canadian currency was \$4.4 million for the nine months ended May 31, 2000 compared to \$5.0 million for the same period a year ago.
- CanWest New Zealand Radio's broadcast operating profit was up to NZ\$5.1 million for the first nine months of fiscal 2000 from NZ\$4.7 million for the same period last year.



- CanWest Entertainment's operating profit was \$5.0 million for the nine months compared to \$2.2 million last year.
- Start-up losses generated from operations in development, primarily TV3 Ireland, totaled \$8.3 million. This compares favorably to start up losses of \$12.9 million for the same period last year. TV3 Ireland continues to perform to expectations and remains on track to reach break-even status in fiscal 2001.

Combined operating profit before amortization, but after corporate and development expenses (EBITDA), was \$240.5 million for the first nine months of fiscal 2000, compared to \$235.5 million last year.

Investment income totaled \$104.1 million for the nine months to date compared to \$22.5 million for the same period last year. Investment income in 2000 includes the gain from the sale of our investment in CTV and ordinary dividends from WIC and Ulster TV. In addition to ordinary dividends, investment income last year included a special \$13.4 million dividend from Ulster. WIC suspended payment of dividends after the second quarter of 1999.

Financing expenses totaled \$38.7 million for the first nine months of fiscal 2000 compared to \$24.4 million for the same period last year. The increase reflects the Company's cost of financing our acquisition of WIC and other strategic investments.

### **NET EARNINGS**

Net earnings totaled \$177.6 million and \$1.19 per share compared to \$135.5 million or \$0.91 per share last year. Excluding non-recurring items, earnings were \$109.0 million or \$0.74 per share for the first nine months, compared to \$114.0 million or \$0.76 per share for the same period last year. The decrease results from increased financing expenses related to the Company's development activities.

### **CASH FLOW**

Cash flow from operations totalled \$148.8 million or \$0.99 per share for the first nine months of fiscal 2000 compared to cash flow from operations of \$159.3 million or \$1.07 per share for the same period in 1999.

### **THIRD QUARTER FINANCIAL HIGHLIGHTS**

#### **REVENUE**

Combined revenue was \$338.1 million for the quarter ended May 31, 2000, representing an increase of 45% over revenue of \$233.2 million for the same period last year reflecting the following:

- Global Television's revenue was up 2% to \$124.1 million for the third quarter of fiscal 2000 from \$121.9 million last year, reflecting an improved market for conventional television advertising.

- Prime TV's revenue for the third quarter increased 68% to \$3.9 million from \$2.3 million for the same quarter last year.

- WIC Television contributed revenue of \$56.9 million for the two month period since the acquisition.

- Network TEN's revenue was up 8% to A\$137.6 million from A\$127.5 million in the third quarter, reflecting improved advertising conditions with declines in the relative value of the Australian currency. As a result of currency fluctuations, Network TEN's contribution to combined revenue for the quarter was \$69.2 million, compared to \$70.0 million last year.

- TV3 New Zealand's revenue was up 11% to NZ\$23.2 million for the third quarter this year from NZ\$21.0 million for the third quarter of fiscal 1999. After conversion to Canadian dollars, TV3's contribution to the Company's revenue for 2000 was \$16.5 million compared to \$16.8 million last year.

- CanWest New Zealand Radio's revenue increased by 11% in the third quarter of fiscal 2000 to NZ\$6.7 million from NZ\$6.1 million for the third quarter last year. After conversion to Canadian dollars, revenues from radio for the quarter were \$4.8 million this year versus \$4.9 million last year.

- CanWest Entertainment's revenue was \$54.1 million for the quarter ending May 31, 2000, compared to \$11.4 million for the same period last year. During the quarter, CanWest Entertainment realized \$32.1 million in revenue on deliveries of **Rules of Engagement** and completed deliveries of a total of 43.5 hours of programming.

- Revenue contributions from operations in development totalled \$9.3 million for the third quarter this year versus \$6.0 million for the same period last year. These include our 50% share of ROBTv which contributed \$943,000, the TV4 Network in New Zealand; contributing NZ\$1.5 million (or \$1.0 million); and the TV3 Network in Ireland. TV3 Ireland continued to increase its share of the Irish television advertising market leading to outstanding growth in revenues to IPE4.2 million (or \$7.4 million) in the current period versus IPE2.4 million (or \$4.8 million) for the same period last year.

#### **BROADCAST OPERATING PROFIT (EBITDA)**

Combined broadcast operating profit (before corporate and development costs) for the quarter ended May 31, 2000



increased by 25% to \$93.9 million compared to \$75.4 million for the same period last year. This result reflected the following:

- Global Television's broadcast operating profit totalled \$51.7 million this year compared to \$53.5 million in the same period last year. This reflected the increase in revenue offset by increased costs of programming.

- Prime TV contributed \$1.0 million in broadcast operating profit for the three months, compared to a loss of \$637,000 in the same period last year.

- WIC Television contributed \$19.0 million for the two months since acquisition.

- Network TEN's broadcast operating profit was A\$46.4 million in the third quarter of 2000 compared to A\$46.1 million for the same period last year. The revenue growth was partially offset by increased programming costs resulting from management's strategic decision to invest in new domestic production. Network TEN's 57.5% contribution to CanWest's broadcast operating profit was \$23.3 million for the quarter ended May 31, 2000 compared with \$25.3 million the same period last year.

- TV3 New Zealand posted a broadcast operating loss of NZ\$1.3 million compared to an operating profit of NZ\$773,000 for the third quarter last year. In Canadian currency, the loss for the quarter was \$930,000 compared to a profit of \$620,000 for the same period a year ago. Declines in the relative value of the New Zealand currency resulted in higher costs of foreign programming as well as the lower values on translation into Canadian dollars.

- CanWest New Zealand Radio's broadcast operating profit was in line with last year at NZ\$1.2 million for the third quarter.

- CanWest Entertainment's operating profit was \$3.0 million for the quarter compared to \$0.5 million last year, reflecting the increase in deliveries of film and television product.

- Start-up losses generated from operations in development totalled \$2.3 million for the quarter, arising primarily from TV3 Ireland. This compares favorably to start-up losses of \$4.8 million for the same period last year.

- Corporate and development costs were \$4.1 million in the quarter, compared to a recovery of \$10.9 million last year. In 1999 the Company received a \$15.0 million break fee on negotiations related to its attempt to acquire NetStar.

Combined operating profit before amortization, but after corporate and development expenses (EBITDA) improved by 26% to \$89.8 million for the third quarter of fiscal 2000, from

\$71.2 million last year. Including the impact of the break fee on NetStar, EBITDA improved 4% from \$86.2 million.

Investment income, including the gain on the sale of our investment in CTV of \$98.9 million, totalled \$100.5 million for the quarter, compared with \$3.3 million for the same period last year.

Financing expenses totalled \$15.6 million in the third quarter of fiscal 2000 compared to \$8.8 million for the same period last year. Higher levels of debt and higher interest rates account for the increase. The Company's debt increased by approximately \$470 million on March 31, 2000 with the closing of the WIC transaction.

### **NET EARNINGS**

Net earnings totalled \$104.5 million and \$0.70 per share compared to \$44.6 million or \$0.30 per share last year. Non-recurring investment income items partially offset by increased financing costs account for most of the increase from last year.

### **CASH FLOW**

Cash flow from operations totalled \$51.0 million or \$0.34 per share for the third quarter of fiscal 2000 compared to cash flow from operations of \$63.3 million or \$0.42 per share for the same period in 1999.

### **RESULTS DETERMINED IN ACCORDANCE WITH U.S. GAAP**

Net earnings determined in accordance with U.S. GAAP were \$174.5 million for the nine months ended May 31, 2000, compared to \$135.2 million in the first nine months of fiscal 1999. Basic and fully diluted earnings per share were \$1.17 in the first nine months compared to \$0.90 in 1999.

Net earnings determined in accordance with U.S. GAAP were \$99.1 million for the quarter ended May 31, 2000 compared to \$45.1 million in the third quarter of fiscal 1999. Basic and fully diluted earnings per share were \$0.66 in the third quarter compared to \$0.30 in 1999.

## **CORPORATE AND OPERATING HIGHLIGHTS**

### **CONVENTIONAL TELEVISION**

The third quarter in Canadian television was highlighted by the Canadian Radio-television and Telecommunications Commission (CRTC) public hearings in Vancouver to review the application by CanWest to acquire the television assets of WIC Western International Communications Inc. The hearings were highlighted by more than 1000 letters of support filed by industry stakeholders,



community leaders and viewers from all regions affected by the transaction. Subsequent to end of the quarter the CRTC announced that CanWest's application had been approved in its entirety with only minor adjustments to the required benefits package. The full integration of the WIC stations into Global Television Network operations and the redevelopment of CHEK Victoria and CHCH Hamilton as independents will begin immediately. This is one of the most important developments in the Company's history as it finally brings to Canada a new, national television network designed for the 21st Century. The integration of these stations will increase CanWest's Canadian television operations by 70% and adds a new specialty channel to the fold.

The complete list of assets acquired from WIC are as follows:

CHAN TV Vancouver  
 CHBC Kelowna  
 CITV Edmonton  
 CICT Calgary  
 CISA Lethbridge  
 CKRD Red Deer  
 CHEK Victoria  
 CHCH Hamilton  
 \*CJNT Montreal  
 \*\*ROBTV (50% interest)  
 WIC Entertainment's programming library  
 Apple Box Productions  
 Allarcom Studios  
 StudioPost Film Labs, Transfer & Post Production

\*CanWest's ownership of CJNT will be subject of a CRTC decision expected in the fall

\*\* CanWest has received approval of 26% of ROBTv and the additional 24% will be subject of a CRTC decision in the fall

Global Television was an active participant at the May screenings, renewing and acquiring new programming for the upcoming 2000/2001 season. Returning to the schedule are the hit series ***Friends, Dharma and Greg, Frasier, NYPD Blue, The Simpson's, Malcolm in the Middle*** and ***The Practice***. The addition of ***Will and Grace*** will strengthen the schedule further, as will a second season of the summer hit ***Survivor***. This reality-based show has become the number one show of the summer season and has strong appeal to advertisers as it is attracting a young and affluent viewing audience.

WIC was also active at the screenings acquiring programs for CHCH Hamilton and CHEK Victoria, including ***60 Minutes, Becker, 3rd Rock From the Sun*** and ***Everybody Loves Raymond***.

Global also announced the launch of several new Canadian programs: **BlackFly**, an historical satire set in colonial Canada produced by Salter Street Films of Halifax, **Blue Murder**, a police drama set in Toronto and produced by Laszlo Barna, **Big Sound**, a sitcom set in a Vancouver music agency, produced by Canadian comic legend David Steinberg, and **Popstars**, a reality based series about the making of an all girl pop band. These three will join returning Canadian programs **Bob & Margaret** and **Outer Limits**.

Network TEN Australia continued its strong performance through the quarter and continues to more than hold its own in both sales and ratings. TEN continued to develop its strategy to increase domestic production and at the same time is renegotiating the size of its output deals with American studios such as Universal and Paramount.

TV3 New Zealand continues to improve its performance and announced two more major sports agreements. TV3 has acquired rights to **All Blacks Rugby**, the national rugby team's tour of France, and the national cricket team's tour of South Africa. TV3 News was named the Best News Program at the annual Qantas Media Awards.

In Ireland, TV3, in its second full year of operation, continues to grow its audience and sales. The audience for news had grown to more than one million a week. In Northern Ireland, UTV made a strategic acquisition of Direct Net Access (DNA), the largest Internet service provider in Northern Ireland, and launched the service across the entire island.

#### SPECIALTY TELEVISION

Prime TV continues to increase audience share and revenue and leads all specialty cable channels in Canada among its target demographic of 35+. Advertising revenues increased by more than 100% over the same period last year. CanWest also announced the completion of the acquisition, (subject to CRTC approval), of 50% of ROBTv, the premier Canadian business information channel. The partnership with *The Globe and Mail* gives the Company an additional presence among cable specialty channels in Canada.

CanWest will be appearing before the CRTC with respect to an application to transfer control of CJNT, a multi-lingual channel in Montreal that was acquired as part of the WIC transaction. For reasons related to timing CanWest's ownership of CJNT and the 50% interest in ROBTv will be subject of a CRTC hearing scheduled for September 18, 2000.



## RADIO

CanWest Radio New Zealand was the most active among operating units in corporate development as it successfully acquired 72% of one of its largest competitors, RadioWorks New Zealand, for NZ\$70 million (\$50 million). RadioWorks' four national and 27 local stations provide rural and provincial coverage to complement CanWest Radio's primarily metropolitan coverage. The acquisition creates the second largest radio group in the country with approximately 44% share of the radio advertising market. In the fiscal year just ended March 31, RadioWorks reported EBITDA of \$11.8 million on revenues of \$46.8 million. Through the fourth quarter of 2000 and into fiscal 2001, CanWest Radio and RadioWorks will review operating synergies between the two companies to further increase the contribution to net earnings. RadioWorks itself is the result of a recent merger of two companies and as a result it expects a healthy increase in profits in 2001.

During the quarter CanWest also filed applications with the CRTC in Canada for two FM radio licenses, one serving the Calgary metropolitan area, the other the Vancouver metropolitan area. The stations would operate under the brand name Prime FM and would target the same 35+ demographic as Prime TV.

## PRODUCTION AND DISTRIBUTION

CanWest Entertainment's feature film *Rules of Engagement*, opened number one in North America and grossed more than US\$60 million in North American box office revenues in the first three months. The strong box office will undoubtedly help to drive sales internationally and contribute to the overall return to CanWest. This growth is expected to continue as CanWest Entertainment's confirmed 2001 production and distribution slate will be even larger than the 2000 slate.

During the quarter CanWest Entertainment through its subsidiary Fireworks Entertainment continued to deliver several series and feature films. *Caitlin's Way*, seen on YTV in Canada, debuted strongly on Nickelodeon in the U.S., and since has been renewed for a second season. *Relic Hunter*, seen on CHUM/City in Canada and in syndication in the U.S., continues to rate well in all markets. *100 Deeds of Eddie McDowd*, distributed internationally by Fireworks International, has also been renewed for a second season on Nickelodeon.

Production also began on the new feature film, *Cletis Tout*, starring Tim Allen and Christian Slater, and television series *Andromeda*, starring Kevin Sorbo and *Queen of Swords*, both for Global/WIC (Canada) and for syndication in the U.S.

## CANWEST INTERACTIVE

Medbroadcast.com, part of the CanWest Interactive portfolio, was named to the top 25 web sites in Canada. The elite list was made up of companies that judged the sites on innovation, strategic impact, execution, funding and fame. Medbroadcast.com's unique blend of information and e-commerce opportunities in the health and well-being field was the only site of its type to make the list.

The Company continued to grow its presence in interactive media with the expansion of its globaltv.com brand to other Canadian communities. Globaltv.com was recently launched in Montreal, Halifax and Winnipeg providing television viewers with an Internet platform for local news and information. Page views continue to grow at all globaltv.com sites with the Toronto site receiving more than 2 million in June, moving globaltv.com to 30th place among all web sites in Canada, up from 50th in the last month.

LifeServ, in which CanWest holds a 25% interest, announced a significant marketing agreement with Canadian financial services company Clarica. The multi-million dollar, ten year agreement is the first such deal by LifeServ in Canada and comes as the company is preparing a launch of its Canadian services and we believe it to be the largest marketing deal of its kind for online services in Canada.

## CANWEST IN THE COMMUNITY

CanWest operations around the world continue to contribute positively to the communities in which we are a part of. Through our philanthropic endeavors and our generous use of airtime, CanWest broadcasters help a variety of worthwhile community efforts. During this quarter the activities included broadcasting a three hour special in Regina and Saskatoon in support of the Children's Health Foundation of Saskatchewan; a major commitment from Global Ontario in support of KidsAction, dedicated to making a difference in the lives of kids with disabilities; helping ten young New Zealanders attend a global leadership conference through TV3; and in Ireland, TV3 helped raise more than \$1 million for relief in Kosovo, and more recently approximately \$100,000 to help famine relief in Ethiopia. Finally, the Executive Chairman and Founder of the Company, Mr. Israel Asper, was inducted by the Lieutenant-Governor into the newly formed Order of Manitoba.



## OUTLOOK FOR 2000

With the CRTC decision on WIC finally behind us we will begin the process of integrating the assets of that company and to realize the benefits of a truly national network in Canada. Divestiture of two stations in Vancouver and Montreal still needs to be completed, but we are moving forward cautiously in order to receive maximum return on these two valuable franchises.

We continue to pursue opportunities to expand our presence among Canadian cable specialty channels. CanWest, alone and in partnership with several other companies, including Rogers, Astral and Universal Television, has filed applications for 36 digital specialty cable channels aimed at reached Canada's 1.2 million digitally equipped homes. The hearing to determine the successful applicants begins in mid-August and decisions are expected in the Fall. We are hopeful that we will be awarded several key licenses and be allowed to grow in this vital area.

In general we continue to aggressively pursue a corporate development strategy which will greatly expand our ability to create content and increase our reach through additional media platforms, whether through specialty television channels, publishing, radio or out-of-home. Our targets remain those assets that are complementary to our existing media properties wherever they are in the world. Our goal is to provide advertisers the most complete and comprehensive array of multi-media platforms in order to reach larger audiences and create significant shareholder value in the process.

Respectfully submitted,

Israel Asper, O.C., Q.C., LL.D., Ph.D.  
Executive Chairman  
Winnipeg, Canada  
July 5th, 2000

Leonard Asper  
President and Chief  
Executive Officer

The following financial statements have been prepared on a combined basis to proportionately consolidate the Company's 57.5% economic interest in Network TEN, as well as consolidate the Company's interest in the regulated properties of WIC, acquired March 31, 2000, and for which regulatory approval is required. These financial statements are supplementary information for shareholders, designed to provide more meaningful and fulsome disclosure of the Company's operations.

**CANWEST GLOBAL COMMUNICATIONS CORP.  
COMBINED STATEMENT OF EARNINGS  
(UNAUDITED)**

(in thousands of Canadian dollars, except as otherwise noted)

	For the three months ended		For the nine months ended	
	May 31		May 31	
	2000	1999	2000	1999
Revenue	338,099	233,178	815,810	701,584
Broadcast operating expenses	<u>244,198</u>	<u>157,798</u>	<u>563,924</u>	<u>469,911</u>
Broadcast operating profit before amortization	93,901	75,380	251,886	231,673
Corporate and development expenses	<u>4,109</u>	<u>(10,863)</u>	<u>11,393</u>	<u>(3,859)</u>
Operating profit before amortization (EBITDA)	89,792	86,243	240,493	235,532
Broadcast license and goodwill amortization	7,323	3,298	13,898	10,013
Other amortization	<u>7,453</u>	<u>6,269</u>	<u>19,433</u>	<u>17,460</u>
Earnings before financing expenses (EBIT)	75,016	76,676	207,162	208,059
Financing expenses	15,575	8,817	38,701	24,426
Investment and other income	<u>(100,526)</u>	<u>(3,261)</u>	<u>(104,075)</u>	<u>(22,465)</u>
Earnings before income taxes (EBT)	159,967	71,120	272,536	206,098
Provision for income taxes	<u>55,689</u>	<u>28,488</u>	<u>96,223</u>	<u>74,640</u>
Earnings before the following	104,278	42,632	176,313	131,458
Minority interests	208	1,964	2,514	5,066
Interest in earnings of equity accounted affiliates	<u>-</u>	<u>-</u>	<u>426</u>	<u>469</u>
Earnings before realized				
currency translation adjustments	104,486	44,596	179,253	136,993
Realized currency translation adjustments	<u>-</u>	<u>-</u>	<u>(1,300)</u>	<u>(1,500)</u>
Net earnings	<u>104,486</u>	<u>44,596</u>	<u>177,953</u>	<u>135,493</u>
Earnings before amortization of broadcast license and goodwill	<u>111,809</u>	<u>47,894</u>	<u>191,851</u>	<u>145,506</u>
Earnings per share <sup>(1)</sup>				
Net earnings				
Basic	\$0.70	\$0.30	\$1.19	\$0.91
Fully diluted	\$0.69	\$0.30	\$1.18	\$0.90
Earnings before amortization of broadcast license and goodwill				
Basic	\$0.75	\$0.32	\$1.28	\$0.97
Fully diluted	\$0.74	\$0.32	\$1.27	\$0.96

NOTE:

(1) Earnings per share have been calculated on the basis of the weighted average number of shares outstanding during the nine months of 149,701,711 (1999 - 149,547,571).

**CANWEST GLOBAL COMMUNICATIONS CORP.  
COMBINED STATEMENT CHANGES IN CASH  
(UNAUDITED)**

(in thousands of Canadian dollars, except as otherwise noted)

	For the three months ended		For the nine months ended	
	May 31		May 31	
	2000	1999	2000	1999
Cash generated (utilized) by:				
Operating activities				
Net earnings for the period	104,486	44,596	177,953	135,493
Items not affecting cash	15,048	18,668	39,448	23,788
Gain on sale of interest in CTV Inc.	<u>(68,568)</u>	<u>-</u>	<u>(68,568)</u>	<u>-</u>
	50,966	63,264	148,833	159,281
Changes in non-cash operating accounts	<u>(28,509)</u>	<u>(963)</u>	<u>(123,981)</u>	<u>(54,908)</u>
	<u>22,457</u>	<u>62,301</u>	<u>24,852</u>	<u>104,373</u>
Investing activities				
Other investments	(17,478)	(78,966)	(108,490)	(116,514)
Acquisition and construction of broadcast facilities and licenses	(2,087)	(640)	(6,783)	(3,317)
Investment in WIC	(476,441)	(368)	(476,441)	(761)
Investment in RadioWorks	(51,155)	-	(51,155)	-
Proceeds from sale of marketable securities	224,782	-	224,782	-
Other	473	(793)	473	(1,070)
	<u>(321,906)</u>	<u>(80,767)</u>	<u>(417,614)</u>	<u>(121,662)</u>
Financing activities				
Dividends paid	(22,494)	(22,411)	(44,933)	(44,813)
Issuance (Repayment) of long-term debt	529,015	34,090	672,474	30,308
Issuance of share capital - net of share buy back	1,382	19	2,706	2,065
Contribution by minority interests	-	-	-	14,877
Net change in bank loans and advances	<u>16,927</u>	<u>15,634</u>	<u>3,107</u>	<u>19,017</u>
	<u>524,830</u>	<u>27,332</u>	<u>633,354</u>	<u>21,454</u>
Net change in cash	225,381	8,866	240,592	4,165
Cash - beginning of period	<u>61,211</u>	<u>60,602</u>	<u>46,000</u>	<u>65,303</u>
Cash - end of period	<u>286,592</u>	<u>69,468</u>	<u>286,592</u>	<u>69,468</u>
Cash flow from operations per share <sup>(1)</sup>				
Basic	\$0.34	\$0.42	\$0.99	\$1.07
Fully diluted	\$0.34	\$0.42	\$0.99	\$1.06

NOTE:

(1) Cash flow from operations per share has been calculated on the basis of the weighted average number of shares outstanding during the nine months of 149,701,711 (1999- 149,547,571).

CANWEST GLOBAL COMMUNICATIONS CORP.  
 CONDENSED COMBINED BALANCE SHEET  
 (UNAUDITED)

(in thousands of Canadian dollars)

	As at May 31	
	2000	1999
ASSETS		
Current assets	742,420	413,340
Other investments	291,611	619,752
Property and equipment	217,433	129,500
Broadcast licenses and goodwill	1,395,400	440,863
Other assets	<u>210,659</u>	<u>68,820</u>
	<u>2,857,523</u>	<u>1,672,275</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	496,519	301,487
Long-term debt	1,240,776	504,354
Minority interests	34,677	23,785
Other long-term liabilities	<u>186,216</u>	<u>56,539</u>
	1,958,188	886,165
Shareholders' equity	<u>899,335</u>	<u>786,110</u>
	<u>2,857,523</u>	<u>1,672,275</u>

**CANWEST GLOBAL COMMUNICATIONS CORP.  
COMBINED BUSINESS SEGMENT INFORMATION  
(UNAUDITED)**

(in thousands of Canadian dollars)

The Company operates within the television broadcasting industry in Canada, Australia, New Zealand and Ireland; the radio broadcasting industry in New Zealand; and the entertainment industry in Canada. Industry and geographic segment information for the combined results follow:

	For the three months ended		For the nine months ended	
	May 31		May 31	
	2000	1999	2000	1999
<b>REVENUE</b>				
<b>Television</b>				
Canada - Global Television	124,145	121,862	357,227	358,106
- Prime TV	3,885	2,319	10,663	6,064
- WIC Television	56,850	-	56,850	-
Australia - Network TEN <sup>(1)</sup>	69,197	69,977	214,399	213,414
New Zealand - TV3	16,469	16,812	52,023	50,138
	<u>270,546</u>	<u>210,970</u>	<u>691,162</u>	<u>627,722</u>
<b>Radio</b>				
New Zealand - More FM	4,762	4,874	15,910	15,196
<b>Entertainment</b>				
Canada - Fireworks	54,123	11,377	83,667	40,348
Canada - WIC	4,770	-	4,770	-
	<u>58,893</u>	<u>11,377</u>	<u>88,437</u>	<u>40,348</u>
	<u>334,201</u>	<u>227,221</u>	<u>795,509</u>	<u>683,266</u>
<b>Operations in Development</b>				
Canada - ROBTv <sup>(1)</sup>	943	-	943	-
New Zealand - TV4	1,045	1,151	3,372	4,466
Ireland - TV3	7,353	4,806	21,429	13,852
	<u>9,341</u>	<u>5,957</u>	<u>25,744</u>	<u>18,318</u>
<b>Intersegment revenues</b>	<u>(5,443)</u>	<u>-</u>	<u>(5,443)</u>	<u>-</u>
<b>TOTAL REVENUE</b>	<u>338,099</u>	<u>233,178</u>	<u>815,810</u>	<u>701,584</u>
<b>BROADCAST OPERATING PROFIT</b>				
<b>Television</b>				
Canada - Global Television	51,696	53,458	149,489	156,724
- Prime TV	1,006	(637)	2,388	(1,118)
- WIC Television	19,007	-	19,007	-
Australia - Network TEN <sup>(1)</sup>	23,317	25,324	77,936	77,944
New Zealand - TV3	(930)	620	4,387	5,031
	<u>94,096</u>	<u>78,765</u>	<u>253,207</u>	<u>238,581</u>
<b>Radio</b>				
New Zealand - More FM	825	938	3,770	3,794
<b>Entertainment</b>				
Canada - Fireworks	2,982	482	4,955	2,151
Canada - WIC	957	-	957	-
	<u>3,939</u>	<u>482</u>	<u>5,912</u>	<u>2,151</u>
	<u>98,860</u>	<u>80,185</u>	<u>262,889</u>	<u>244,526</u>
<b>Operations in Development</b>				
Canada - ROBTv <sup>(1)</sup>	(202)	-	(202)	-
New Zealand - TV4	(836)	(1,030)	(2,411)	(2,220)
Ireland - TV3	(1,221)	(3,775)	(5,690)	(10,633)
	<u>(2,259)</u>	<u>(4,805)</u>	<u>(8,303)</u>	<u>(12,853)</u>
<b>Intersegment profits</b>	<u>(2,700)</u>	<u>-</u>	<u>(2,700)</u>	<u>-</u>
<b>TOTAL BROADCAST OPERATING PROFIT BEFORE AMORTIZATION</b>	<u>93,901</u>	<u>75,380</u>	<u>251,886</u>	<u>231,673</u>

NOTE:

(1) Includes the Company's proportionate interest

**CANWEST GLOBAL COMMUNICATIONS CORP.  
COMBINED BUSINESS SEGMENT INFORMATION  
(UNAUDITED)**

(in thousands of domestic currency units)

	Domestic Currency	For the three months ended			For the nine months ended		
		May 31 2000	May 31 1999	Increase (Decrease) %	May 31 2000	May 31 1999	Increase (Decrease) %
<b>REVENUE</b>							
<b>Television</b>							
Canada - Global Television	C\$	124,145	121,862	2%	357,227	358,106	-
- Global Prime	C\$	3,885	2,319	68%	10,663	6,064	76%
- WIC Television	C\$	56,850	-	-	56,850	-	-
Australia - Network TEN <sup>(1)</sup>	A\$	79,119	73,288	8%	233,572	226,378	3%
New Zealand - TV3	NZ\$	23,241	20,964	11%	70,766	62,852	13%
<b>Radio</b>							
New Zealand - More FM	NZ\$	6,720	6,078	11%	21,667	19,031	14%
<b>Entertainment</b>							
Canada - Fireworks	C\$	54,123	11,377	376%	83,667	40,348	107%
Canada - WIC	C\$	4,770	-	-	4,770	-	-
<b>Operations in development</b>							
Canada - ROBTv <sup>(1)</sup>	C\$	943	-	-	943	-	-
New Zealand - TV4	NZ\$	1,475	1,436	3%	4,590	5,606	(18%)
Ireland - TV3	IRE	4,187	2,377	76%	11,603	6,428	81%
<b>BROADCAST OPERATING PROFIT</b>							
<b>Television</b>							
Canada - Global Television	C\$	51,696	53,458	(3%)	149,489	156,724	(5%)
- Global Prime	C\$	1,006	(637)	258%	2,388	(1,118)	314%
- WIC Television	C\$	19,007	-	-	19,007	-	-
Australia - Network TEN <sup>(1)</sup>	A\$	26,660	26,524	1%	84,674	79,961	6%
New Zealand - TV3	NZ\$	(1,312)	773	(270%)	5,689	6,386	(11%)
<b>Radio</b>							
New Zealand - More FM	NZ\$	1,164	1,168	-	5,115	4,755	8%
<b>Entertainment</b>							
Canada - Fireworks	C\$	2,982	482	519%	4,955	2,151	130%
Canada - WIC	C\$	957	-	-	957	-	-
<b>Operations in development</b>							
Canada - ROBTv <sup>(1)</sup>	C\$	-	-	-	(202)	-	-
New Zealand - TV4	NZ\$	(1,180)	(1,284)	8%	(3,295)	(2,770)	(19%)
Ireland - TV3	IRE	(696)	(1,867)	63%	(3,075)	(4,951)	38%

(1) Includes the Company's proportionate interest

The following financial statements have been prepared in accordance with Canadian generally accepted accounting principles. These financial statements differ from the supplementary combined financial statements in that the Company's investment in Network TEN and the Company's interest in the regulated television properties of WIC, acquired March 31, 2000, and for which regulatory approval is required are equity accounted herein.

**CANWEST GLOBAL COMMUNICATIONS CORP.  
CONSOLIDATED STATEMENT OF EARNINGS  
(UNAUDITED)**

(in thousands of Canadian dollars, except as otherwise noted)

	For the three months ended		For the nine months ended	
	May 31		May 31	
	2000	1999	2000	1999
Revenue	211,834	163,201	544,343	488,170
Broadcasting operating expenses	<u>160,055</u>	<u>113,145</u>	<u>389,198</u>	<u>334,441</u>
Broadcast operating profit before amortization	51,779	50,056	155,145	153,729
Corporate and development expenses	<u>4,109</u>	<u>(10,863)</u>	<u>11,393</u>	<u>(3,859)</u>
Operating profit before amortization (EBITDA)	47,670	60,919	143,752	157,588
Broadcast license and goodwill amortization	2,167	2,182	6,548	6,702
Other amortization	<u>5,187</u>	<u>5,465</u>	<u>15,717</u>	<u>15,182</u>
Earnings before financing expenses (EBIT)	40,316	53,272	121,487	135,704
Financing expenses	14,314	8,436	37,318	23,283
Investment and other income	<u>(100,526)</u>	<u>(3,261)</u>	<u>(104,075)</u>	<u>(22,465)</u>
Earnings before income taxes (EBT)	126,528	48,097	188,244	134,886
Provision for income taxes	<u>43,724</u>	<u>22,227</u>	<u>71,841</u>	<u>55,728</u>
Earnings before the following	82,804	25,870	116,403	79,158
Minority interests	568	1,964	2,874	5,066
Interest in earnings of equity accounted affiliates	<u>21,114</u>	<u>16,762</u>	<u>59,976</u>	<u>52,769</u>
Earnings before realized currency translation adjustments	104,486	44,596	179,253	136,993
Realized currency translation adjustments	<u>-</u>	<u>-</u>	<u>(1,300)</u>	<u>(1,500)</u>
Net earnings	<u>104,486</u>	<u>44,596</u>	<u>177,953</u>	<u>135,493</u>
Earnings before amortization of broadcast license and goodwill	<u>111,809</u>	<u>47,894</u>	<u>191,851</u>	<u>145,506</u>
Earnings per share <sup>(1)</sup> :				
Net earnings				
Basic	\$0.70	\$0.30	\$1.19	\$0.91
Fully diluted	\$0.69	\$0.30	\$1.18	\$0.90
Earnings before amortization of broadcast license and goodwill				
Basic	\$0.75	\$0.32	\$1.28	\$0.97
Fully diluted	\$0.74	\$0.32	\$1.27	\$0.96

NOTE:

(1) Earnings per share have been calculated on the basis of the weighted average number of shares outstanding during the nine months of 149,701,711 (1999 - 149,547,571)

**CANWEST GLOBAL COMMUNICATIONS CORP.  
CONSOLIDATED STATEMENT OF CHANGES IN CASH  
(UNAUDITED)**

(in thousands of Canadian dollars, except as otherwise noted)

	For the three months ended		For the nine months ended	
	May 31		May 31	
	2000	1999	2000	1999
Cash generated (utilized) by:				
Operating activities				
Net earnings for the period	104,486	44,596	177,953	135,493
Items not affecting cash	(13,426)	(14)	(39,328)	(34,853)
Distributions from Network TEN	-	-	75,259	60,001
Gain on sale of interest in CTV Inc.	<u>(68,568)</u>	<u>-</u>	<u>(68,568)</u>	<u>-</u>
	22,492	44,582	145,316	160,641
Changes in non-cash operating accounts	<u>(25,079)</u>	<u>(176)</u>	<u>(105,496)</u>	<u>(54,010)</u>
	<u>(2,587)</u>	<u>44,406</u>	<u>39,820</u>	<u>106,631</u>
Investing activities				
Other investments	(15,971)	(78,966)	(104,887)	(116,514)
Acquisition and construction of broadcast facilities and licenses	-	(640)	(1,233)	(3,317)
Investment in WIC	(477,594)	(368)	(477,594)	(761)
Investment in RadioWorks	(51,155)	-	(51,155)	-
Proceeds from sale of marketable securities	224,782	-	224,782	-
Other	<u>455</u>	<u>(793)</u>	<u>455</u>	<u>(1,070)</u>
	<u>(319,483)</u>	<u>(80,767)</u>	<u>(409,632)</u>	<u>(121,662)</u>
Financing activities				
Dividends paid	(22,494)	(22,411)	(44,933)	(44,813)
Issuance (Repayment) of long-term debt	534,044	51,090	640,215	30,308
Issuance of share capital - net of share buy back	1,382	19	2,706	2,065
Contribution by minority interests	-	-	-	14,877
Net change in bank loans and advances	<u>29,496</u>	<u>15,634</u>	<u>15,676</u>	<u>19,017</u>
	<u>542,428</u>	<u>44,332</u>	<u>613,664</u>	<u>21,454</u>
Net change in cash	220,358	7,971	243,852	6,423
Cash - beginning of period	<u>57,642</u>	<u>56,278</u>	<u>34,148</u>	<u>57,826</u>
Cash - end of period	<u><u>278,000</u></u>	<u><u>64,249</u></u>	<u><u>278,000</u></u>	<u><u>64,249</u></u>
Cash flow per share <sup>(1)</sup>				
Basic	\$0.15	\$0.30	\$0.97	\$1.07
Fully diluted	\$0.15	\$0.30	\$0.96	\$1.06

NOTE:

(1) Cash flow from operations per share has been calculated on the basis of the weighted average number of shares outstanding during the nine months of 149,701,711 (1999 - 149,547,571).

CANWEST GLOBAL COMMUNICATIONS CORP.  
 CONDENSED CONSOLIDATED BALANCE SHEET  
 (UNAUDITED)

(in thousands of Canadian dollars)

	As at May 31	
	2000	1999
<b>ASSETS</b>		
Current assets	535,558	327,939
Other investments	265,618	595,342
Investment in Network TEN	126,039	144,921
Investment in assets held in trust	870,160	-
Property and equipment	146,932	109,153
Broadcast licenses and goodwill	322,363	292,845
Other assets	198,488	66,752
	<u>2,465,158</u>	<u>1,536,952</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities	300,420	180,783
Long-term debt	1,200,288	487,792
Minority interests	22,768	23,785
Other long-term liabilities	42,347	58,482
	<u>1,565,823</u>	<u>750,842</u>
Shareholders' equity	<u>899,335</u>	<u>786,110</u>
	<u>2,465,158</u>	<u>1,536,952</u>

**CANWEST GLOBAL COMMUNICATIONS CORP.  
RECONCILIATION TO U.S. GAAP  
(UNAUDITED)**

(in thousands of Canadian dollars except as noted)

The following is a reconciliation of net earnings reflecting the differences between consolidated and combined earnings as reported, and U.S. GAAP.

	For the three months ended		For the nine months ended	
	May 31		May 31	
	2000	1999	2000	1999
Net earnings as reported	104,486	44,596	177,953	135,494
Adjustment to interest in earnings of equity accounted affiliates	(5,382)	-	(5,382)	-
Adjustment to expenses for pre-operating costs	(83)	514	551	(56)
Adjustment to eliminate the loss arising from the realization of cumulative translation adjustments	-	-	1,300	1,500
Adjustments relating to the liability method of income taxes:				
Amortization of broadcast licences	(1,526)	(1,557)	(4,607)	(4,686)
Provision for income taxes	1,526	1,557	4,607	2,986
Other adjustments	32	-	95	-
	<u>99,053</u>	<u>45,110</u>	<u>174,517</u>	<u>135,237</u>
Net earnings in accordance with U.S. GAAP				
Net earnings per share:				
Basic	\$0.66	\$0.30	\$1.17	\$0.90
Fully diluted	\$0.66	\$0.30	\$1.17	\$0.90



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