



# **CanWest Global Communications Corp.**

## Interim Report to Shareholders

**FOR THE NINE MONTHS  
ENDED MAY 31, 2001**

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



## INTRODUCTION

CanWest Global Communications Corp, (the Company) is Canada's premier international, integrated media company. Southam Publications, a wholly owned subsidiary, is Canada's largest publisher of daily newspapers. Global Television, also wholly owned, is Canada's top-rated national television network and station group. CanWest Entertainment has grown rapidly to become one of Canada's leading producers and international distributors of television programs and feature films. The *Canada.com* suite of Internet sites is growing its reach with 1.9 million unique visitors monthly at last count. The Company also has substantial international media investments including television interests in Australia, New Zealand, Ireland and the UK, as well as the largest and most popular group of radio stations in New Zealand.

This Interim Report to Shareholders includes results for the second full quarter since the Company acquired Southam Publications and a 50% partnership interest in the *National Post* newspaper. Integrating the acquired publishing and Internet assets to form Canada's largest and most efficient multi-media platform to connect advertisers with consumers remains the highest priority of management. This Report sets out financial results for the quarter as well as progress achieved in the reduction of corporate debt and other priorities of the Company.

For a discussion of results on a combined basis, which proportionately consolidates the Company's 57.5% interest in Network TEN please refer to the Company's press release of July 18, 2001, which can be found on the corporate website, [www.canwestglobal.com](http://www.canwestglobal.com).

## CORPORATE HIGHLIGHTS

- ▶ The Company has captured integration benefits of approximately \$30 million on an annualized basis, meeting its target for the first year of integration of the Southam newspaper and online assets.
- ▶ Global Television was number one in Canadian television ratings in all Global markets, in the third quarter, increasing its prime time share to 14.5%, a 16% improvement from one year ago in the most valuable 18-49 target demographic. Global aired eight of the top ten shows in the Toronto/Hamilton market. Those shows averaged a 12 rating compared to a 6 rating for the top ten shows of our closest competitor.  
*Source: Neilson Media research*
- ▶ The Company announced the consolidation of six call center operations at a new regional customer contact center, set to commence operations in Winnipeg in September. The new facility, which will replace six existing call center operations in three Western provinces, will initially require 150 employees, growing to up to 400 when fully operational at the end of 2002.
- ▶ CanWest Media Sales launched the Integrated Business Solutions group focussed on multi-platform sales. The group promptly landed several large national accounts with clients such as The Royal Bank, Sleeman's Brewing, and L'Oreal.
- ▶ Multi-platform sales in the local markets also scored significant incremental sales as television and newspapers sales groups came together offering new products and new approaches to advertisers.
- ▶ Cooperation among broadcasters and newspapers increased both the depth and quality of investigative journalism at both national and local levels, providing improved and more informative products to viewers and readers across the country.



- ▶ Southam Publications and the *National Post* led all Canadian newspapers with six National Newspaper Awards.
- ▶ Australia's Network TEN scored a significant ratings hit as the Big Brother reality based television series became the most talked about and most written about show in the country achieving an unprecedented 73 share on the final episode.
- ▶ Notable Fireworks productions for TV include *Mutant X*, which promises to be the syndicated science fiction hit of next season and *Andromeda*, which continues to be the top rated syndicated show in the US. *Relic Hunter* was renewed for a third season. The two-part mini-series *Blonde* (a fictionalized Marilyn Monroe Story), which aired in May, was a hit in the US and Canadian markets. The feature film *Rat Race* with an all-star cast, Cuba Gooding Jr., Rowen Atkinson, John Cleese, and Whoopi Goldberg, premieres on August 10.
- ▶ TV3 Ireland solidified its position as the number two station in Ireland with 15% of the viewing audience tuned to its mix of international and domestic hits anchored by top-rated shows from new partner, Granada.
- ▶ The Canada.com network continues to grow, currently attracting 1.9 million unique visitors per month.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### FORWARD-LOOKING STATEMENTS

We make "forward-looking statements" throughout this discussion. Although we believe the assumptions on which these forward-looking statements are made to be reasonable, actual results will be subject to a number of risks and uncertainties and could differ materially from those contemplated herein. Those risks and uncertainties are described more fully in our annual information form dated December 7, 2000, which is incorporated herein by reference.

### OVERVIEW

Significant acquisitions over the past year make comparison of year-over-year consolidated results complex. Consolidated financial statements for the nine months ended May 31, 2001 include the results of WIC, RadioWorks and Southam from their respective dates of acquisition. As well, commencing in March 2001, we began to proportionately consolidate our 45% interest in TV3 Ireland. The MD&A should be read in conjunction with the consolidated financial statements and the pro forma segment information. To improve the comparability of results certain pro forma information has been included herein. Pro forma revenue, operating expenses and EBITDA for comparative fiscal 2000 periods include the Company's actual results, plus the results of WIC, RadioWorks and Southam for the respective periods as if these operations had been acquired at the beginning of the respective comparative periods. Pro forma revenue, operating expenses and EBITDA for the nine months ending May 31, 2001 include the Company's actual results, plus the results of Southam for the period September 1, 2000 to November 15, 2000, which period precedes the date Southam was acquired and accounted within the Company's consolidated results.

### RECENT DEVELOPMENTS

In May 2001, we concluded the private placement of approximately \$720.0 million in 10-year senior subordinated notes bearing a coupon of 10 5/8%, replacing interim financing arrangements.

In May 2001, through an amalgamation of CanWest Broadcasting Ltd. and a subsidiary of the Company, the 29.3%



minority interest in CBL was exchanged for 21,783 issued Series 2 Preference Shares of the Company, rendering CBL a wholly owned subsidiary. The shares are, at the option of the Company, convertible into subordinate voting shares or redeemable at a price, which is referable, among other things to the net after tax proceeds from the sale of CKVU. We estimate the redemption price of the Series 2 Preference Shares to be approximately \$50.0 million.

In April 2001, the Company announced agreements for the sale of CKVU, and our interests in CFCF and ROBTv, for aggregate proceeds of \$245.0 million. These transactions are subject to approval by the CRTC. Our investments in CKVU and CFCF, which are both held in trust, are being sold to comply with regulatory conditions of the CRTC.

In March 2001, CanWest concluded a series of transactions through which Granada Media plc acquired a 45% interest in TV3 and we received net proceeds of \$32.5 million. While we will retain a 45% interest in TV3, we will share control of the TV3's Board of Directors with Granada.

#### APPLICATION OF ACCOUNTING PRINCIPLES

The consolidated financial statements are presented in Canadian dollars and in accordance with Canadian GAAP. The consolidated financial statements include CanWest's accounts and those of subsidiaries of the Company.

The Company accounts for its 57.5% economic interest in Network TEN, its 50% interest in The National Post Company and its investments in CFCF and ROBTv using the equity method of accounting.

Upon the closing of the WIC acquisition on March 31, 2000, CanWest placed shares of WIC's regulated subsidiaries in a voting trust pending regulatory approval of the acquisition. Under the terms of the trust agreement, CanWest could not exercise control over WIC's regulated subsidiaries and, accordingly, the Company used the equity method to account for its investment for the period from April 1, 2000 to July 5, 2000. Upon the receipt of regulatory approval on July 6 2000, CanWest commenced consolidating the financial results of WIC.

#### AVERAGE RATES OF FOREIGN CURRENCY TRANSLATION

The following rates of exchange have been used to translate operating results from Australia, New Zealand, and Ireland:

	Quarter Ended May 31			Nine Months Ended May 31		
	2001	2000	Change	2001	2000	Change
AUS\$	.7858	.8746	(10%)	.8064	.9168	(12%)
NZ\$	.6406	.7806	(10%)	.6369	.7341	(13%)
IR£	1.7356	1.7562	(1%)	1.7197	1.8512	(7%)

#### CONSOLIDATED RESULTS

##### QUARTER ENDED MAY 31, 2001 COMPARED TO QUARTER ENDED MAY 31, 2000

Revenue increased \$373.6 million to \$585.5 million for the three months ended May 31, 2001 from \$211.8 million in the same period last year. This increase is due to the acquisitions of WIC on March 31, 2000, RadioWorks in May 2000 and Southam on November 16, 2000. On a pro forma basis, revenue for the three months ended May 31, 2000, was \$615.1 million, or \$29.6 million higher than the same period in 2001. Canadian television revenue was flat with last year and, while realized rates improved, overall advertising volumes declined in our publishing operations.

Segment operating expenses before amortization and non-recurring costs increased \$263.2 million to \$423.2 million for the three months ended May 31, 2001 due to acquisitions. On a pro forma basis, operating expenses were down \$33.5 million, or 7% compared to \$456.7 million for the same period last year. This reflected integration savings arising from Canadian television operations and the timing of costs associated with Fireworks. These reductions were partially offset by increased costs of newsprint, which were up 13% over last year on a pro forma basis.

Pro forma operating profit before amortization, or EBITDA, was \$158.3 million, up \$4.0 million from pro forma EBITDA for the third quarter of fiscal 2000.

Amortization, including amortization of broadcast licenses, circulation, goodwill and capital assets, increased \$35.7 million to \$44.6 million as a result of the acquisitions of WIC, RadioWorks and Southam. Amortization of broadcast licenses and goodwill amounted to \$27.3 million in the three months to May 31, 2001.

Financing expenses increased \$110.2 million to \$124.5 million for the three months ended May 31, 2001. The increase reflects a



higher level of debt outstanding as a result of the acquisitions of WIC and Southam. In addition, financing expenses include a non-recurring write off of deferred financing fees related to interim financing arrangements in the amount of \$17.9 million.

In the three months ended May 31, 2001, the Company recorded a gain of \$30.7 million related to the acquisition by Granada of 45% of TV3 Ireland, and a \$10 million provision for loss on its investment in Medbroadcast. Dividends received from Ulster TV totaled \$1.7 million. Investment income in the third quarter of 2000 included a \$98.9 million gain on the sale of our investment in CTV.

Recovery of income taxes includes a \$15.0 million recovery related to declines in provincial income tax rates resulting in a reduction in our provision for future income taxes.

Interest in earnings from Network TEN declined to \$5.0 million for the three months ended May 31, 2001 from \$15.7 million for the same period last year, reflecting revenue shortfalls in a generally soft advertising market. Also affecting the result was a decline in the average rate of exchange of 10% for the comparative three months periods. Our after tax equity losses from the *National Post* were \$6.1 million for the quarter.

For the quarter net earnings were \$32.2 million or \$0.18 per share. These results include a \$30.7 million gain on the acquisition of a 45% interest in TV3 Ireland by Granada.

Cash earnings were \$61.3 million or \$0.35 per share.

#### NINE MONTHS ENDED MAY 31, 2001 COMPARED TO NINE MONTHS ENDED MAY 31, 2000

Revenue increased \$892.1 million to \$1,436.4 million for the nine months ended May 31, 2001 from \$544.3 million in the same period last year, due to the acquisitions of WIC, RadioWorks and Southam. On a pro forma basis, revenue totaled \$1,707.9 million for the nine months ended May 31, 2001, compared to \$1,706.1 million in the same period last year. Declines in conventional television revenues in Canada and New Zealand were offset by increased revenue from Fireworks. Airtime revenue declines were primarily attributable to the September Olympics. Southam's revenue was flat with the prior year in the first nine months.

On a pro forma basis, segment operating expenses before amortization and non-recurring costs were \$1,235.9 million, down marginally compared to \$1,245.4 million for the same period last year. Reductions in operating expenses of our Canadian television

operations resulting from the integration with WIC and reduced operating expenses at Southam were offset by newsprint expenses which increased 16% over the past year. Pro forma operating profit before amortization, or EBITDA, was up \$10.0 million to \$459.3 million for the nine months ended May 31, 2001.

Amortization, including amortization of broadcast licenses, circulation, goodwill and capital assets, increased by \$86.1 million to \$113.0 million as a result of the acquisitions of WIC, RadioWorks and Southam. Amortization of broadcast licenses and goodwill amounted to \$66.3 million in the nine months to May 31, 2001.

Financing expenses increased by \$226.6 million to \$264.0 million for the nine months ended May 31, 2001. The increase reflects a higher level of debt outstanding as a result of acquisitions of WIC and Southam. In addition, financing expenses include a non-recurring write off of deferred financing fees in the amount of \$17.9 million.

Investment income includes the gain resulting from Granada's investment in TV3 Ireland, and the gain on sale of shares of Alliance Atlantis Communications Inc., offset by a provision for loss on Medbroadcast. In 2000, investment income includes a \$98.9 million gain from the sale of shares of CTV Inc.

Recovery of income taxes of \$56.7 million for the nine months ended May 31, 2001 reflects a future income tax recovery of \$67.0 million related to a revaluation of the Company's future income taxes due to reductions in Canadian federal and provincial income tax rates.

The \$4.7 million charge for minority interests primarily relates to conventional television stations located in Western Canada and to New Zealand radio operations which are now 100% owned.

Interest in earnings from Network TEN's continuing operations declined to \$31.2 million for the nine months ended May 31, 2001 from \$54.6 million. The decline was attributable to a reduction in revenue in the first quarter resulting from the carriage of the Olympics by a competing network and to a generally soft advertising market in Australia following the Olympics. Network TEN and Village Roadshow discontinued Scape, their partnership in an on-line venture, in March 2001. As a result, Network TEN wrote off its investment in Scape in February 2001. Our share of the loss amounted to \$13.4 million. Also affecting our equity earnings from TEN, was a decline of 12% in the average rate of exchange compared to the same nine month period one year ago.



Losses from equity accounted affiliates of \$8.8 million for the nine months ended May 31, 2001 represent our share of net earnings from CFCF and ROBTv of \$1.3 million offset by our 50% share of losses for the *National Post* for the five months ended May 31, 2001.

Losses at the *National Post* reflect an initial requirement for any start-up national newspaper enterprise of the magnitude of the *National Post* to invest in securing a sustainable presence in the highly competitive Canadian marketplace. Much of that investment is now complete. As the *National Post* enters a new and more mature business phase we anticipate significant early progress in stemming those losses and achieving profitability.

We incurred a \$7.2 million loss from currency translation realized on distributions declared by Network TEN in the nine months ended May 31, 2001 compared to a loss of \$1.3 million in the same period last year.

Net earnings for the nine months to May 31, 2001 totaled \$83.7 million and \$0.49 per share compared to \$193.9 million and \$1.28 per share last year.

Cash earnings before amortization of broadcast licenses and goodwill were \$154.4 million, down from \$212.2 million last year, which included a \$66.9 million net gain on the sale of the Company's shares of CTV.

#### LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operations before changes in non-cash working capital accounts was \$234.4 million for the nine months ended May 31, 2001 compared to \$113.0 million for the same period last year. The increase in cash flow results from contributions from acquisitions, offset by increased financing costs.

Cash flow from operations included \$71.1 million in cash distributions from Network TEN.

Cash and short-term investments were \$35.0 million at May 31, 2001 compared to \$76.3 million as of August 31, 2000.

Capital expenditures related to the ongoing replacement of property and equipment were \$32.6 million for the nine months ended May 31, 2001 compared to \$7.6 million for the same period last year, reflecting capital expenditures at Southam.

During the nine months ended May 31, 2001, we invested cash of \$1,945.8 million related to the acquisition of Southam. Non-cash consideration related to this acquisition included the issuance of

\$375.5 million in shares (as reported under Canadian GAAP) and \$766.8 million of notes payable to the seller.

Long-term debt increased \$2,785.7 million during the nine months ended May 31, 2001 to \$3,958.2 million. During our first quarter, CanWest financed the acquisition of Southam Publications and refinanced certain existing credit facilities by entering into a new senior secured credit facility with a syndicate of lenders. The total credit available under the facility is \$2.8 billion, of which CanWest had utilized approximately \$2.4 billion as of May 31, 2001. The facility includes revolving and non-revolving tranches with terms ranging from 6 to 8.5 years, with interest at floating rates. Mandatory principal repayments on term tranches over the next 12 months amount to \$116.5 million. In the quarter we made term debt principal repayments of \$32.0 million.

In addition to the senior credit facility and in connection with financing the acquisitions of Southam Publications, CanWest issued US\$425.0 million and \$60.7 million in 10 year senior subordinated notes bearing a coupon of 10 5/8% and \$766.8 million in 10 year, 12 1/8% notes payable to the vendor, which bear payment in kind interest for the first 5 years.

The Company expects to use estimated net after tax proceeds of \$235.0 million from the sale of our investments in CKVU, CFCE, and ROBTv to reduce balances outstanding under our senior credit facility. These transactions are expected to be concluded in late summer and fall of 2001.

CanWest has fully hedged its currency exposure on all U.S. dollar denominated debt, and fixed the interest rate on approximately 70% of our debt by entering into a combination of cross currency swaps and interest rate swaps. As a result of these instruments, the effective average interest rate on consolidated debt is approximately 9.84%.

The Company has not hedged the foreign currency position of its investments in Network TEN, New Zealand or the Republic of Ireland.

CanWest paid semi-annual cash dividends in October and April totaling \$49.0 million.

The Australian Tax Office, or ATO, has recently amended Network TEN's tax assessments for the years ended June 30, 1994 to June 30, 2000 to disallow deductions claimed for interest payments on the subordinated debentures held by the Company. The ATO has determined the additional tax and interest payable is A\$145.6 million. Network TEN intends to appeal the ATO's assessment and vigorously defend its position.



## OUTLOOK

CanWest's two main priorities remain to integrate the newly acquired newspaper and online assets as quickly and effectively as possible and to reduce corporate debt. Substantial progress has already been achieved and has helped to mitigate the adverse impact of the declines in advertising revenues and increases in the cost of newsprint.

Additional efficiency benefits will be realized in fourth quarter and in 2002 as the company implements operating improvements already identified and initiates further efficiencies through the consolidation of various corporate services. We will also continue to build on initial successes to generate incremental revenues through multi-media sales. The upward trend in newsprint prices now appears to have abated as recently announced increases have been rolled back.

Global TV's prime time schedule is back on top in Canada with substantial gains in audience share of the target 18-49 adult demographic. Greater promotion of Global in the Southam dailies and the *National Post*, together with a solid prime time schedule for the new Fall season for both the Global Television Network and CHTV, that includes all the current favorites plus several promising new shows will solidify those ratings gains and increase revenues. Launch of the Global schedule at BCTV, Vancouver and the CH schedule at CHEK, Victoria will complete the integration of the WIC television stations and further strengthen Global's market share in British Columbia. Network TEN has also experienced significant ratings gains in the Australian market which will place them in a strong position as the advertising market strengthens. The Company anticipates a CRTC decision later in July on CanWest's application to renew its Global Television license for a period of up to seven years.

This fall we look forward to expansion of our specialty television business in Canada with the launch of up to eight new digital specialty channels. Among those already announced are MenTV, Mystery, Fox SportsWorld Canada, Lone Star, and Dejavier.

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**CANWEST GLOBAL COMMUNICATIONS CORP.  
CONSOLIDATED STATEMENTS 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	
	2001	2000	2001	2000
Revenue	585,467	211,834	1,436,393	544,343
Operating expenses	<u>423,234</u>	<u>160,055</u>	<u>1,048,441</u>	<u>389,198</u>
Operating profit before undernoted	162,233	51,779	387,952	155,145
Corporate and development expenses	3,973	4,109	11,193	11,393
Non-recurring costs	-	-	<u>1,460</u>	-
Operating profit before amortization (EBITDA)	158,260	47,670	375,299	143,752
Amortization of goodwill	22,912	1,727	52,785	5,228
Amortization of other intangibles	4,427	1,957	13,470	5,918
Amortization of capital assets	<u>17,217</u>	<u>5,187</u>	<u>46,729</u>	<u>15,717</u>
Earnings before financing expenses (EBIT)	113,704	38,799	262,315	116,889
Financing expenses	(124,528)	(14,314)	(263,951)	(37,318)
Investment income	20,738	98,983	28,630	101,387
Dividend income	<u>1,707</u>	<u>1,543</u>	<u>2,952</u>	<u>2,688</u>
Earnings before income taxes	11,621	125,011	29,946	183,646
Provision for (recovery of) income taxes	<u>(22,775)</u>	<u>27,376</u>	<u>(56,701)</u>	<u>52,412</u>
Earnings before the following	34,396	97,635	86,647	131,234
Minority interests	(1,547)	568	(4,693)	2,874
Interest in earnings of Network TEN	4,969	15,732	17,748	54,594
Interest in earnings (loss) of equity accounted affiliates	(5,626)	6,482	(8,821)	6,482
Realized currency translation adjustments	-	-	<u>(7,200)</u>	<u>(1,300)</u>
Net earnings	<u>32,192</u>	<u>120,417</u>	<u>83,681</u>	<u>193,884</u>
Earnings before amortization of goodwill and other intangibles	<u>61,298</u>	<u>129,038</u>	<u>154,376</u>	<u>212,161</u>
Earnings per share:				
Net earnings				
Basic	\$0.18	\$0.79	\$0.49	\$1.28
Fully diluted	\$0.18	\$0.79	\$0.49	\$1.28
Earnings before amortization of goodwill and other intangibles				
Basic	\$0.35	\$0.85	\$0.91	\$1.40
Fully diluted	\$0.34	\$0.85	\$0.91	\$1.40

The notes constitute an integral part of the consolidated financial statements.

**CANWEST GLOBAL COMMUNICATIONS CORP.**  
**CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

(in thousands of Canadian dollars)

	As at	
	May 31, 2001	August 31, 2000
<b>ASSETS</b>		
Current Assets		
Cash and short term investments	34,961	76,298
Accounts receivable	544,641	237,845
Inventory	25,309	-
Investment in film and television program rights	75,479	57,390
Other	<u>33,748</u>	<u>4,508</u>
	714,138	376,041
Other receivables	-	10,310
Investment in Network TEN	71,054	133,947
Other investments	427,740	360,755
Investment in film and television programs rights	363,350	251,114
Property and equipment	684,246	185,224
Broadcast licences, circulation and goodwill	3,732,661	1,512,600
Other assets	<u>153,600</u>	<u>90,974</u>
	<u>6,146,789</u>	<u>2,920,965</u>
<b>LIABILITIES</b>		
Current Liabilities		
Bank loans and advances	351	16,255
Accounts payable and accrued liabilities	263,463	195,302
Income taxes payable	(1,681)	42,759
Film and program accounts payable	74,784	18,030
Deferred revenue	71,543	41,022
Current portion of long term debt	<u>116,500</u>	-
	524,960	313,368
Long term debt	3,841,713	1,172,532
Film and program accounts payable	5,571	22,260
Other accrued liabilities	69,432	74,236
Future income taxes	375,478	456,720
Minority interests	-	<u>21,722</u>
	<u>4,817,154</u>	<u>2,060,838</u>
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock	896,259	420,260
Contributed surplus	3,647	3,647
Retained earnings	512,101	523,948
Cumulative foreign currency translation adjustments	<u>(82,372)</u>	<u>(87,728)</u>
	<u>1,329,635</u>	<u>860,127</u>
	<u>6,146,789</u>	<u>2,920,965</u>

The notes constitute an integral part of the consolidated financial statements.

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

(in thousands of Canadian dollars)

	For the three months ended		For the nine months ended	
	May 31		May 31	
	2001	2000	2001	2000
Retained earnings - beginning of period, as previously reported	506,398	462,494	529,112	412,833
Adjustment for adoption of new accounting pronouncement	<u>-</u>	<u>(20,122)</u>	<u>(5,164)</u>	<u>(20,122)</u>
Retained earnings, beginning of period as restated	506,398	442,372	523,948	392,711
Net earnings for the period	32,192	120,417	83,681	193,884
Excess of redemption amount over stated amount of shares redeemed	-	(101)	-	(1,468)
Dividends				
Cash	(26,489)	(22,494)	(49,003)	(44,933)
Stock	<u>-</u>	<u>-</u>	<u>(46,525)</u>	<u>-</u>
Retained earnings - end of period	<u>512,101</u>	<u>540,194</u>	<u>512,101</u>	<u>540,194</u>

The notes constitute an integral part of the consolidated financial statements.

**CANWEST GLOBAL COMMUNICATIONS CORP.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)**

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

	For the three months ended		For the nine months ended	
	May 31		May 31	
	2001	2000	2001	2000
<b>CASH GENERATED (UTILIZED) BY:</b>				
<b>OPERATING ACTIVITIES</b>				
Net earnings for the period	32,192	120,417	83,681	193,884
Items not affecting cash				
Amortization	47,104	9,204	121,225	28,187
PIK interest	23,691	-	50,439	-
Future income taxes	(26,203)	(17,301)	(84,277)	(19,935)
Interest in earnings of Network TEN	(4,969)	(15,732)	(17,748)	(54,594)
Distributions from Network TEN	-	-	71,096	75,259
Net gain on sale/write down of investments	(20,738)	(99,403)	(28,630)	(101,787)
Other non-cash items	25,073	(7,050)	38,614	(8,056)
	76,150	(9,865)	234,400	112,958
Changes in non-cash operating accounts	(55,066)	23,219	(124,379)	(18,082)
	<u>21,084</u>	<u>13,354</u>	<u>110,021</u>	<u>94,876</u>
<b>INVESTING ACTIVITIES</b>				
Acquisitions	-	(51,155)	(1,945,770)	(51,155)
Investments in WIC	-	(477,594)	-	(477,594)
Other investments	-	(15,971)	-	(104,887)
Proceeds from sale of other investments	1,551	224,782	34,765	224,782
Proceeds from divestitures	32,454	-	32,454	-
Investment in film and program rights	(15,120)	(12,332)	(134,485)	(46,970)
Purchase of broadcast facilities and licences	-	-	(1,568)	(1,233)
Purchase of property and equipment	(20,592)	(3,154)	(32,605)	(7,631)
	<u>(1,707)</u>	<u>(335,424)</u>	<u>(2,047,209)</u>	<u>(464,688)</u>
<b>FINANCING ACTIVITIES</b>				
Dividends paid	(26,489)	(22,494)	(49,003)	(44,933)
Issuance of long term debt	(34,276)	534,044	1,956,800	640,215
Issuance of share capital	988	1,382	3,958	2,706
Net change in bank loans and advances	(13,961)	29,496	(15,904)	15,676
	<u>(73,738)</u>	<u>542,428</u>	<u>1,895,851</u>	<u>613,664</u>
Net change in cash	(54,361)	220,358	(41,337)	243,852
Cash and cash equivalents - beginning of period	89,322	57,642	76,298	34,148
Cash and cash equivalents - end of period	<u>34,961</u>	<u>278,000</u>	<u>34,961</u>	<u>278,000</u>
Cash flow from operations per share:				
Basic	\$0.43	(\$0.07)	\$1.38	\$0.75
Fully diluted	\$0.43	(\$0.07)	\$1.37	\$0.75

The notes constitute an integral part of the consolidated financial statements.

**CANWEST GLOBAL COMMUNICATIONS CORP.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE 9 MONTHS ENDED MAY 31, 2001 AND 2000  
(UNAUDITED)**

(in thousands of Canadian dollars)

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada. Users should refer to the audited consolidated financial statements contained in the Company's 2000 Annual Report for a summary of significant accounting policies.

On September 1, 2000, the Company adopted the recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3465, Income Taxes, which effectively replaced the deferral method with the liability method of tax allocation. The Company has applied the change retroactively, restating prior years. The cumulative effect of the change was to reduce opening retained earnings at September 1, 2000 by \$5.2 million (1999 - \$20.1 million), decrease the Investment in Network TEN by \$8.0 million, increase broadcast licenses and goodwill by \$417.5 million, decrease other assets by \$1.7 million, and increase deferred income tax liabilities by \$403.2 million.

Under Section 3465, the effect on future income tax assets and liabilities of a change in income tax rates is included in income in the period in which the rates are substantively enacted. The effect of Federal and Provincial income tax rate reductions for the nine months ended May 31, 2001 was to reduce the future income tax liability and increase income tax recovery by \$67 million.

On September 1, 2000, the Company adopted the recommendations of the CICA Handbook Section 3461, Employee Future Benefits, which changes the accounting for pension and other types of employee future benefits. All costs of post-employment and post-retirement benefits must now be accrued in the period of service in a manner similar to accounting for pension costs. The Company has applied the new recommendations prospectively. The cumulative effect of the change will be reflected in earnings over the current and future periods.

2. ACQUISITIONS

In April 2001, through an amalgamation of CanWest Broadcasting Ltd. (CBL) the approximate 30% minority interest in CBL was exchanged for 21,783 issued Series 2 Preference Shares of the Company, rendering CBL a wholly owned subsidiary. The shares are, at the option of the Company, convertible into subordinate voting shares or redeemable at a price estimated to be \$50.0 million.

In January 2001, the Company acquired the shares of RadioWorks that it did not already own. The cost to acquire this 28% interest was NZ\$32,900,000 (Cdn \$21,770,000).

On November 16, 2000 the Company acquired substantially all of the Canadian newspaper and other media assets of Hollinger International Inc. and certain of its affiliates ("Southam Publications") for an aggregate consideration of approximately \$3.1 billion, including certain costs related to the acquisition.

The purchase price is subject to adjustment based on working capital and future earnings of the Company and of Southam Publications. The amount of the adjustments is not currently determinable.

The Company partially financed the acquisition and refinanced certain existing credit facilities by entering into a new senior secured credit facility with a syndicate of Canadian and international banks. Total credit available under this new facility is \$2.8 billion, of which the Company had drawn approximately \$2.5 billion at closing. In addition, the Company issued \$720.0 million in senior subordinated notes, and approximately \$767 million in subordinated notes payable to the vendor. The current blended cost of funds for these financings is approximately 9.84%.

During 2000 the Company completed the acquisition of 100% of the issued and outstanding shares of WIC Western International Communications Ltd., acquired a 72% interest in RadioWorks, a network of commercial radio stations in New Zealand and acquired substantially all of the distribution assets of film and television distribution company, Endemol International Distribution.

The Company accounted for these acquisitions using the purchase method. A summary of the fair values of the net assets acquired is as follows:

	Nine months ended May 31, 2001				Year ended August 31, 2000			
	CBL	RadioWorks	Southam <sup>(1)</sup>	Total	Endemol	RadioWorks	WIC <sup>(1)</sup>	Total
Current Assets	-	-	313,000	313,000	15,971	6,244	66,512	88,727
Investments	-	-	103,000	103,000	-	-	79,604	79,604
Film and program rights	-	-	-	-	93,463	-	35,732	129,195
Property, plant and equipment	-	-	520,000	520,000	32	9,119	82,184	91,335
Other assets	-	-	65,000	65,000	215	-	25,299	25,514
Broadcast licenses, circulation and goodwill	<u>25,466</u>	<u>16,928</u>	<u>2,265,000</u>	<u>2,307,394</u>	<u>-</u>	<u>72,609</u>	<u>1,031,678</u>	<u>1,104,287</u>
Total assets	<u>25,466</u>	<u>16,928</u>	<u>3,266,000</u>	<u>3,308,394</u>	<u>109,681</u>	<u>87,972</u>	<u>1,321,009</u>	<u>1,518,662</u>
Current liabilities	-	-	(199,000)	(199,000)	-	(7,602)	(131,829)	(139,431)
Long term liabilities	-	-	-	-	-	(24,395)	(328,314)	(352,709)
Minority interest	<u>24,534</u>	<u>4,842</u>	<u>-</u>	<u>29,376</u>	<u>-</u>	<u>(3,883)</u>	<u>-</u>	<u>(3,883)</u>
Total liabilities	<u>24,534</u>	<u>4,842</u>	<u>(199,000)</u>	<u>(169,624)</u>	<u>-</u>	<u>(35,880)</u>	<u>(460,143)</u>	<u>(496,023)</u>
	<u>50,000</u>	<u>21,770</u>	<u>3,067,000</u>	<u>3,138,770</u>	<u>109,681</u>	<u>52,092</u>	<u>860,866</u>	<u>1,022,639</u>
Consideration:								
Cash	-	21,770	1,924,000	1,945,770	109,681	52,092	465,727	627,500
Shares	50,000	-	376,000	426,000	-	-	-	-
Note payable	-	-	767,000	767,000	-	-	-	-
Carrying value of WIC investment at date of acquisition	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>395,139</u>	<u>395,139</u>
	<u>50,000</u>	<u>21,770</u>	<u>3,067,000</u>	<u>3,138,770</u>	<u>109,681</u>	<u>52,092</u>	<u>860,866</u>	<u>1,022,639</u>

<sup>(1)</sup> The allocation of the purchase price is preliminary and will be revised in 2001 as additional information is obtained about restructuring plans and asset valuations, particularly relating to intangibles.

The results of operations reflect the revenues and expenses of Southam Publications since the date of acquisition.

### 3. RESTRUCTURING - TV3 IRELAND

In March 2001, the Company restructured its interest in TV3 Ireland. Through a series of transactions, Granada Media plc, purchased a 45% interest in TV3 Ireland. The Company has retained its 45% interest in TV3 Ireland and received net proceeds of approximately CDN\$32.5 million.

### 4. EARNINGS PER SHARE

Earnings per share and cash flow per share have been calculated on the basis of the weighted average number of shares outstanding during the nine months of 169,663,108 (2000 - 151,559,000).

## 5. UNITED STATES ACCOUNTING PRINCIPLES

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	
	2001	2000	2001	2000
Net Earnings in accordance with Canadian GAAP	32,192	120,417	83,681	193,884
Adjustment to expenses for pre-operating costs	626	(81)	1,462	553
Adjustment to reverse the future income tax rate adjustments not enacted	(15,000)	-	(67,000)	-
Adjustment to eliminate the loss arising from the realization of cumulative translation adjustments	-	-	7,200	1,300
Equity accounted affiliates in trust	(424)	-	(1,298)	-
Reversal of amortization of goodwill related to future programming expenses	235	-	704	-
Investment in WIC on an equity basis	-	42,701	-	47,044
Amortization of WIC goodwill adjustment resulting from retroactive equity accounting of WIC upon regulatory approval	(394)	-	(1,182)	-
Net earnings in accordance with U.S. GAAP	<u>17,235</u>	<u>163,037</u>	<u>23,567</u>	<u>242,781</u>
Net earnings per share:				
Basic	\$0.10	\$1.07	\$0.14	\$1.60
Fully diluted	\$0.10	\$1.07	\$0.14	\$1.60

The following statements have been prepared on a combined basis to proportionately consolidate the Company's 57.5% interest in Network TEN. These financial statements are supplementary information for shareholders, designed to provide more meaningful and complete disclosure of the Company's operations.

**CANWEST GLOBAL COMMUNICATIONS CORP.  
COMBINED STATEMENTS 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	
	2001	2000	2001	2000
Revenue	648,639	329,088	1,624,668	806,800
Operating expenses	<u>473,477</u>	<u>235,846</u>	<u>1,180,933</u>	<u>555,573</u>
Operating profit before undernoted	175,162	93,242	443,735	251,227
Corporate and development expenses	3,973	4,109	11,193	11,393
Non-recurring costs	-	-	<u>1,460</u>	-
Operating profit before amortization (EBITDA)	171,189	89,133	431,082	239,834
Amortization of goodwill	24,521	3,498	54,395	6,999
Amortization of other intangibles	4,585	5,123	16,300	11,278
Amortization of capital assets	<u>19,069</u>	<u>7,062</u>	<u>50,480</u>	<u>19,042</u>
Earnings before financing expenses (EBIT)	123,014	73,450	309,907	202,515
Financing expenses	(126,996)	(15,352)	(268,886)	(38,478)
Investment income	20,738	98,983	15,182	101,387
Dividend income	<u>1,707</u>	<u>1,543</u>	<u>2,952</u>	<u>2,688</u>
Earnings before income taxes	18,463	158,624	59,155	268,112
Provision for (recovery of) income taxes	<u>(20,405)</u>	<u>40,113</u>	<u>(43,872)</u>	<u>77,566</u>
Earnings before the following	38,868	118,511	103,027	190,546
Minority interests	(1,050)	568	(3,866)	2,874
Interest in earnings (loss) of equity accounted affiliates	(5,626)	1,338	(8,280)	1,764
Realized currency translation adjustments	-	-	<u>(7,200)</u>	<u>(1,300)</u>
Net earnings	<u>32,192</u>	<u>120,417</u>	<u>83,681</u>	<u>193,884</u>
Earnings before amortization of goodwill and other intangibles	<u>61,298</u>	<u>129,038</u>	<u>154,376</u>	<u>212,161</u>
Earnings per share: <sup>(1)</sup>				
Net earnings				
Basic	\$0.18	\$0.79	\$0.49	\$1.28
Fully diluted	\$0.18	\$0.79	\$0.49	\$1.28
Earnings before amortization of goodwill and other intangibles				
Basic	\$0.35	\$0.85	\$0.91	\$1.40
Fully diluted	\$0.34	\$0.85	\$0.91	\$1.40

<sup>(1)</sup> Earnings per share have been calculated on the basis of the weighted average number of shares outstanding during the nine months of 169,663,108 (2000 - 151,559,000)..

**CANWEST GLOBAL COMMUNICATIONS CORP.**  
**COMBINED BALANCE SHEETS**  
**(UNAUDITED)**

(in thousands of Canadian dollars)

	As at	
	May 31, 2001	August 31, 2000
<b>ASSETS</b>		
Current Assets		
Cash and short term investments	44,638	94,981
Accounts receivable	589,046	282,257
Inventory	25,309	-
Investment in film and television program rights	120,764	91,503
Other	<u>38,277</u>	<u>6,285</u>
	818,034	475,026
Other receivables	-	10,310
Other investments	453,326	389,532
Investment in film and television program rights	363,350	251,114
Property and equipment	732,905	208,510
Broadcast licences, circulation and goodwill	3,979,023	1,629,845
Other assets	<u>159,627</u>	<u>96,363</u>
	<u>6,506,265</u>	<u>3,060,700</u>
<b>LIABILITIES</b>		
Current Liabilities		
Bank loans and advances	351	16,255
Accounts payable and accrued liabilities	355,960	279,045
Income taxes payable	(1,412)	66,181
Film and program accounts payable	93,412	34,109
Deferred revenue	71,543	41,022
Current portion of long term debt	<u>116,500</u>	-
	636,354	436,612
Long term debt	4,041,306	1,196,915
Film and program accounts payable	5,571	22,260
Other accrued liabilities	70,379	74,236
Future income taxes	389,869	448,828
Minority interests	<u>33,151</u>	<u>21,722</u>
	<u>5,176,630</u>	<u>2,200,573</u>
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock	896,259	420,260
Contributed surplus	3,647	3,647
Retained earnings	512,101	523,948
Cumulative foreign currency translation adjustments	<u>(82,372)</u>	<u>(87,728)</u>
	<u>1,329,635</u>	<u>860,127</u>
	<u>6,506,265</u>	<u>3,060,700</u>

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

(in thousands of Canadian dollars)

	For the three months ended		For the nine months ended	
	May 31		May 31	
	2001	2000	2001	2000
Retained earnings - beginning of period, as previously reported	506,398	462,494	529,112	412,833
Adjustment for adoption of new accounting pronouncement	<u>-</u>	<u>(20,122)</u>	<u>(5,164)</u>	<u>(20,122)</u>
Retained earnings, beginning of period as restated	506,398	442,372	523,948	392,711
Net earnings for the period	32,192	120,417	83,681	193,884
Excess of redemption amount over stated amount of shares redeemed	-	(101)	-	(1,468)
Dividends				
Cash	(26,489)	(22,494)	(49,003)	(44,933)
Stock	<u>-</u>	<u>-</u>	<u>(46,525)</u>	<u>-</u>
Retained earnings - end of period	<u>512,101</u>	<u>540,194</u>	<u>512,101</u>	<u>540,194</u>

**CANWEST GLOBAL COMMUNICATIONS CORP.**  
**COMBINED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

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

	For the three months ended		For the nine months ended	
	May 31		May 31	
	2001	2000	2001	2000
CASH GENERATED (UTILIZED) BY:				
OPERATING ACTIVITIES				
Net earnings for the period	32,192	120,417	83,681	193,884
Items not affecting cash				
Amortization	50,721	16,646	129,415	39,274
PIK interest	23,691	-	50,439	-
Future income taxes	(26,203)	(17,744)	(84,277)	(12,156)
Net gain on sale/write down of investments	(20,738)	(99,403)	(15,181)	(101,787)
Other non-cash items	24,576	(1,906)	37,246	(3,338)
	<u>84,239</u>	<u>18,010</u>	<u>201,323</u>	<u>115,877</u>
Changes in non-cash operating accounts	<u>(67,770)</u>	<u>22,126</u>	<u>(166,182)</u>	<u>(32,787)</u>
	<u>16,469</u>	<u>40,136</u>	<u>35,141</u>	<u>83,090</u>
INVESTING ACTIVITIES				
Acquisitions	-	(527,596)	(2,035,252)	(527,596)
Other investments	-	(17,478)	-	(108,490)
Proceeds from sale of other investments	1,551	224,782	34,765	224,782
Proceeds from divestiture	32,454	-	32,454	-
Investment in film and program rights	(15,120)	(12,332)	(134,485)	(46,970)
Acquisition and construction of broadcast facilities and licences	-	(2,087)	(1,568)	(6,783)
Purchase of property and equipment	<u>(22,605)</u>	<u>(4,874)</u>	<u>(41,722)</u>	<u>(10,435)</u>
	<u>(3,720)</u>	<u>(339,585)</u>	<u>(2,145,808)</u>	<u>(475,492)</u>
FINANCING ACTIVITIES				
Dividends paid	(26,489)	(22,494)	(49,003)	(44,933)
Issuance of long term debt	(35,975)	529,015	2,121,273	672,474
Issuance of share capital	988	1,382	3,958	2,706
Net change in bank loans and advances	<u>(13,961)</u>	<u>16,927</u>	<u>(15,904)</u>	<u>3,107</u>
	<u>(75,437)</u>	<u>524,830</u>	<u>2,060,324</u>	<u>633,354</u>
Net change in cash	(62,688)	225,381	(50,343)	240,952
Cash and cash equivalents - beginning of period	<u>107,326</u>	<u>61,211</u>	<u>94,981</u>	<u>46,000</u>
Cash and cash equivalents - end of period	<u>44,638</u>	<u>286,592</u>	<u>44,638</u>	<u>286,952</u>
Cash flow from operations per share: <sup>(1)</sup>				
Basic	\$0.48	\$0.12	\$1.19	\$0.76
Fully diluted	\$0.47	\$0.12	\$1.18	\$0.76

<sup>(1)</sup> 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 169,663,108 (2000-151,559,000)

## CANWEST GLOBAL COMMUNICATIONS CORP. COMBINED BUSINESS SEGMENT INFORMATION

(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; the publications industry in Canada; the entertainment industry in Canada; and the outdoor advertising industry in Australia. Industry and geographic segment information for the combined results follow:

	For the nine months ended May 31		For the nine months ended May 31	
	2001 Actual	2000 Actual	2001 Proforma (4)	2000 Proforma (4)
<b>REVENUE</b>				
<b>Television</b>				
Canada - Conventional	560,287	405,337	560,287	573,275
- Specialty	14,780	10,663	14,780	10,663
Australia - Network TEN <sup>(1)</sup>	173,837	214,399	173,837	214,399
New Zealand - TV3 and TV4	43,189	55,395	43,189	55,395
Ireland - TV3 <sup>(2)</sup>	26,312	21,429	26,312	21,429
	<u>818,405</u>	<u>707,223</u>	<u>818,405</u>	<u>875,161</u>
<b>Radio</b>				
New Zealand - More FM	14,800	15,910	14,800	15,910
New Zealand - RadioWorks	28,461	-	28,461	29,790
	<u>43,261</u>	<u>15,910</u>	<u>43,261</u>	<u>45,700</u>
Total Broadcasting	<u>861,666</u>	<u>723,133</u>	<u>861,666</u>	<u>920,861</u>
<b>Entertainment</b>				
Canada - CanWest Entertainment	105,779	83,667	105,779	83,667
<b>Publications</b>				
Canada - Southam Publications <sup>(3)</sup>	645,355	-	915,072	915,253
<b>Out of Home Advertising</b>				
Australia - EyeCorp <sup>(1)</sup>	14,437	-	14,437	-
<b>On-line Operations</b>				
Canada - CanWest Interactive	4,846	-	6,650	3,950
Inter-segment revenues	(7,415)	-	(7,415)	(3,199)
TOTAL REVENUE	<u>1,624,668</u>	<u>806,800</u>	<u>1,896,189</u>	<u>1,920,532</u>
<b>OPERATING PROFIT</b>				
<b>Television</b>				
Canada - Conventional	211,061	165,892	211,061	206,165
- Specialty	6,332	2,388	6,332	2,388
Australia - Network TEN <sup>(1)</sup>	54,050	77,936	54,050	77,936
New Zealand - TV3 and TV4	(6,566)	1,976	(6,566)	1,976
Ireland - TV3 <sup>(2)</sup>	2,625	(5,690)	2,625	(5,690)
	<u>267,502</u>	<u>242,502</u>	<u>267,502</u>	<u>282,775</u>
<b>Radio</b>				
New Zealand - More FM	3,493	3,770	3,493	3,770
New Zealand - RadioWorks	7,213	-	7,213	7,842
	<u>10,706</u>	<u>3,770</u>	<u>10,706</u>	<u>11,612</u>
Total Broadcasting	<u>278,208</u>	<u>246,272</u>	<u>278,208</u>	<u>294,387</u>
<b>Entertainment</b>				
Canada - CanWest Entertainment	8,040	4,955	8,040	4,955
<b>Publications</b>				
Canada - Southam Publications <sup>(3)</sup>	169,120	-	256,376	254,138
<b>Out of Home Advertising</b>				
Australia - EyeCorp <sup>(1)</sup>	1,724	-	1,724	-
<b>On-line Operations</b>				
Canada - CanWest Interactive	(13,357)	-	(16,571)	(14,854)
SEGMENT OPERATING PROFIT	<u>443,735</u>	<u>251,227</u>	<u>527,777</u>	<u>538,626</u>
Corporate and development expenses	11,190	11,393	11,190	11,393
Non-recurring costs	1,463	-	1,463	-
OPERATING PROFIT (EBITDA)	<u>431,082</u>	<u>239,834</u>	<u>515,124</u>	<u>527,233</u>

<sup>(1)</sup> Combined results include the company's 57.5% economic interest in Network TEN.

<sup>(2)</sup> In March, 2001, CanWest reorganized its 45% interest in TV3 Ireland. This resulted in a change in the accounting treatment to proportionate consolidation from full consolidation. Results reported from April 1, 2001 represent CanWest's 45% interest. Prior periods are reported at 100%.

<sup>(3)</sup> Actual results include the results of operations of Southam Publications from November 16, 2000, the closing date of the acquisition.

<sup>(4)</sup> Pro forma results include the actual results plus results from WIC, Southam and Radioworks for the nine months ended May 31, 2000, and the results from Southam for the quarter ended November 30, 2000.

**CANWEST GLOBAL COMMUNICATIONS CORP.**  
**COMBINED BUSINESS SEGMENT INFORMATION**  
(In thousands of Canadian dollars)

	For the three months ended May 31		For the three months ended May 31	
	2001 Actual	2000 Actual	2001 Proforma (4)	2000 Proforma (4)
<b>REVENUE</b>				
<b>Television</b>				
Canada - Conventional	197,716	172,254	197,716	197,826
- Specialty	5,416	3,885	5,416	3,885
Australia - Network TEN (1)	54,929	69,197	54,929	69,197
New Zealand - TV3 and TV4	14,066	17,514	14,066	17,514
Ireland - TV3 (2)	5,675	7,353	5,675	7,353
	<u>277,802</u>	<u>270,203</u>	<u>277,802</u>	<u>295,775</u>
<b>Radio</b>				
New Zealand - More FM	4,247	4,762	4,247	4,762
New Zealand - RadioWorks	9,071	-	9,071	9,102
	<u>13,318</u>	<u>4,762</u>	<u>13,318</u>	<u>13,864</u>
Total Broadcasting	<u>291,120</u>	<u>274,965</u>	<u>291,120</u>	<u>309,639</u>
<b>Entertainment</b>				
Canada - CanWest Entertainment	46,530	54,123	46,530	54,123
<b>Publications</b>				
Canada - Southam Publications (3)	305,920	-	305,920	321,548
<b>Out of Home Advertising</b>				
Australia - EyeCorp (1)	8,242	-	8,242	-
<b>On-line Operations</b>				
Canada - CanWest Interactive	2,076	-	2,076	2,177
Inter-segment Revenues	(5,249)	-	(5,249)	(3,199)
TOTAL REVENUE	<u>648,639</u>	<u>329,088</u>	<u>648,639</u>	<u>684,288</u>
<b>OPERATING PROFIT</b>				
<b>Television</b>				
Canada - Conventional	80,899	68,099	80,899	70,903
- Specialty	1,896	1,006	1,896	1,006
Australia - Network TEN (1)	12,294	23,317	12,294	23,317
New Zealand - TV3 and TV4	(3,765)	(1,766)	(3,765)	(1,766)
Ireland - TV3 (2)	782	(1,221)	782	(1,221)
	<u>92,106</u>	<u>89,435</u>	<u>92,106</u>	<u>92,239</u>
<b>Radio</b>				
New Zealand - More FM	764	825	764	825
New Zealand - RadioWorks	1,921	-	1,921	2,014
	<u>2,685</u>	<u>825</u>	<u>2,685</u>	<u>2,839</u>
Total Broadcasting	<u>94,791</u>	<u>90,260</u>	<u>94,791</u>	<u>95,078</u>
<b>Entertainment</b>				
Canada - CanWest Entertainment	4,760	2,982	4,760	2,982
<b>Publications</b>				
Canada - Southam Publications (3)	78,828	-	78,828	91,254
<b>Out of Home Advertising</b>				
Australia - EyeCorp (1)	626	-	626	-
<b>On-line Operations</b>				
Canada - CanWest Interactive	(3,843)	-	(3,843)	(7,597)
SEGMENT OPERATING PROFIT	<u>175,162</u>	<u>93,242</u>	<u>175,162</u>	<u>181,717</u>
Corporate and development expenses	<u>3,973</u>	<u>4,109</u>	<u>3,973</u>	<u>4,109</u>
OPERATING PROFIT (EBITDA)	<u>171,189</u>	<u>89,133</u>	<u>171,189</u>	<u>177,608</u>

(1) Combined results include the company's 57.5% economic interest in Network TEN.

(2) In March, 2001, CanWest reorganized its 45% interest in TV3 Ireland. This resulted in a change in the accounting treatment to proportionate consolidation from full consolidation. Results reported from April 1, 2001 represent CanWest's 45% interest. Prior periods are reported at 100%.

(3) Actual results include the results of operations of Southam from November 16, 2000, the closing date of the acquisition.

(4) Pro forma results include the actual results plus results from WIC, Southam and RadioWorks for the quarter ended May 31, 2000.

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