



CanWest Global Communications Corp.

Interim Report to Shareholders

**FOR THE THREE MONTHS
ENDED NOVEMBER 30, 2000**

www.canwestglobal.com



INTRODUCTION

With the November 16th closing of the transaction to acquire a majority of the Canadian newspaper and Internet holdings of Hollinger Inc., CanWest became Canada's leading integrated media company. The combination of the CanWest television assets with the Southam chain of major metropolitan daily papers, a 50% partnership interest in the *National Post*, as well as more than one hundred smaller community daily, weekly and associated publications, created a critical mass of media properties that allows CanWest to offer the most comprehensive and far reaching solutions to advertisers across Canada.

The acquisition of the Southam newspaper chains combined with other corporate development initiatives completed in the past year position CanWest for substantial growth in revenue and profit in 2001 and beyond.

CORPORATE HIGHLIGHTS

- ▶ CanWest completed the \$3.1 billion purchase from Hollinger Inc. of a majority of Hollinger's Canadian newspaper and Internet assets, plus a 50% interest in the *National Post*.
- ▶ Network TEN Australia announced a A\$188 million deal for the acquisition of 60% of Eye Corp, that country's leading out-of-home advertising company. The acquisition was completed in December, 2000.
- ▶ CanWest announced a partnership with Granada Media plc., one of Europe's largest media companies, which would bring Ireland's most popular program to TV3 Ireland and return \$33 million to CanWest, more than the Company's original investment in the start-up network, while retaining the Company's 45% interest.
- ▶ CanWest received regulatory approval for the acquisition of 50% of ROBTv, as well as the approval of the acquisition of Montreal based multi-lingual station CJNT.
- ▶ The broadcast regulator in Canada awarded 3 Category One, "must carry", digital specialty channels, and 27 Category Two licenses in response to applications in which Global TV has a substantial interest.
- ▶ The Global Television Network completed a twenty year CanWest odyssey to build a national network with the launch of Global TV in Alberta and the re-branding of three former WIC stations in Edmonton, Calgary and Lethbridge.
- ▶ CanWest Entertainment's major new programs are ratings hits in the U.S. exceeding sales expectations and increasing the prospects for renewal.
- ▶ Global TV's new Canadian programs *Blue Murder*, *Blackfly*, *Big Sound* and *Gene Roddenberry's Andromeda* all launched to solid ratings.
- ▶ In January 2001, CanWest made a NZ\$32.4 million offer to purchase all the outstanding shares of RadioWorks New Zealand that are not already owned by the Company.



FINANCIAL RESULTS

We are pleased to submit our report on the Company's results for the three months ended November 30, 2000.

BASIS OF PRESENTATION

Financial results are reported in Canadian dollars (unless otherwise noted) and prepared on a combined basis, which proportionately consolidates the financial results of Network TEN. 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.

RESULTS OF OPERATIONS

The financial results reported here reflect operations in Canada, Australia and New Zealand as well as contributions from assets acquired in the preceding year including television assets of WIC Western International Communications and RadioWorks New Zealand. The results also reflect the actual results from the newly acquired publishing properties from the date of closing, November 16th to the end of the reporting period, November 30th. Also provided are proforma results of the newspaper publishing assets for the first quarter for both the current period and the corresponding period last year.

In addition, the results include costs of financing associated with our investment in Ulster TV and other publicly held companies.

FIRST QUARTER FINANCIAL HIGHLIGHTS REVENUE

Combined revenue increased by 51% to \$404.3 million for the quarter ended November 30, 2000 compared to \$268.3 million in the same period last year reflecting the following:

- Revenue from conventional television operations in Canada grew by 53% to \$197.6 million from \$129.4 million last year. Global's program schedule continued to lead the market in an increasingly fragmented television environment and a flat Canadian advertising market.
- Southam Publications reported revenue of \$58.4 million for the period from the closing date of November 16, 2000 to the end of the quarter on November 30, 2000.

- Canadian specialty television revenue increased 43% to \$4.8 million from \$3.3 million in the same period the year before, with Prime TV solidifying a number one position among Canadian viewers in the 35+ age group.
- Our share of Network TEN's revenue in local currency was down 10%, to A\$83.7 million from A\$93.2 million due to the Olympic Games which disrupted both the television schedule and the advertising market. Our share of Network TEN's revenue in Canadian dollars were down 23% to \$68.3 million from \$88.5 million reflecting the impact of both the Olympic Games and currency decline.
- TV3 New Zealand's revenue declined 8% to NZ\$27.3 million for the quarter. The Olympic Games were again a contributing factor in the decline, as well as a generally weak New Zealand economy and a soft television advertising market. Revenue in Canadian currency declined to \$16.9 million from \$22.6 million last year.
- CanWest New Zealand Radio's revenue increased by 157%, to \$14.6 million from \$5.7 million in the same quarter last year. The addition of RadioWorks' revenue was the major factor.
- CanWest Entertainment generated revenue of \$34.2 million for the quarter ending November 30, 2000, compared to \$11.0 million for the same period last year, an increase of 211%.
- CanWest Interactive reported revenue of \$527,000.

OPERATING PROFIT (EBITDA)

Combined operating profit (before corporate, development and non-recurring costs) for the quarter ended November 30, 2000 was \$133.3 million compared to \$101.0 million for the same period last year. The increase was mainly due to:

- Canadian conventional television operating profit increased by 33% to \$78.4 million from \$58.8 million in the same period last year.
- Southam Publications reported operating profit of \$22.1 million for the period from November 16, 2000 to the end of the quarter on November 30, 2000.
- Canadian specialty television contributed \$2.2 million in operating profit for the three months, compared to \$892,000 in the same period last year.



- Network TEN's total operating profit was A\$55.4 million in the first quarter of 2001 compared to A\$67.0 million recorded in the first quarter of 2000. Network TEN's 57.5% contribution to CanWest's broadcast operating profit was \$26.0 million for the quarter ended November 30, 2000 compared with \$36.6 million in the same period last year. Declines in the value of the Australian currency account for approximately \$4 million of this decrease with the balance attributable to the Olympic Games.

- TV3 Ireland reported an operating profit of \$1.4 million compared to a loss of \$2.2 million in the same period a year earlier.

- New Zealand Television operating profit was \$345,000 compared to \$4.8 million in the first quarter last year reflecting the decline in revenue and changes in currency exchange rates.

- CanWest New Zealand Radio's operating profit was up 170% to \$3.9 million from \$1.5 million a year ago, attributable primarily to the addition of RadioWorks.

- CanWest Entertainment's operating profit was \$2.2 million for the quarter compared to \$622,000 last year.

- CanWest Interactive reported losses of \$3.4 million primarily due to start up costs associated with the SCAPE online project in Australia as well as start-up costs associated with the completion of the *globaltv.com* network in Canada and operating losses at *canada.com* and other Hollinger Digital properties.

Combined operating profit before amortization, but after corporate and development expenses and non-recurring items (EBITDA), was \$128.3 million for the first quarter of fiscal 2001, compared to \$97.5 million last year.

NET EARNINGS

Net earnings for the quarter were \$41.0 million or \$0.26 per share compared to \$49.0 million or \$0.32 per share in the first quarter of fiscal 2000. The decline was attributable primarily to the \$7.2 million cumulative translation adjustment on distribution of Network TEN earnings, and foreign currency declines which adversely impact the results on conversion to Canadian dollars.

CASH EARNINGS PER SHARE

Cash earnings before amortization of broadcast licenses and goodwill were \$56.2 million or cash earnings per share of \$0.36, an increase of 5% from the \$53.8 million recorded for the corresponding quarter last year.

CASH FLOW

Cash flow from operations was \$67.9 million or \$0.43 per share for the first quarter of fiscal 2001 compared to \$60.6 million or \$0.40 per share for the same period in 2000.

RESULTS DETERMINED IN ACCORDANCE WITH U.S. GAAP

Net earnings determined in accordance with U.S. GAAP were \$48.9 million for the three months ended November 30, 2000 compared to \$51.5 million for the same period last year. Basic and fully diluted earnings per share were \$0.31 compared to \$0.34 in the first quarter of last year.

OPERATING HIGHLIGHTS

TELEVISION BROADCASTING

In Canada, CanWest's conventional television operations posted strong prime time ratings in the first quarter with a mix of new and returning international hits and Canadian dramas and comedies. In the key market of Toronto / Hamilton, the combination of The Global Television Network schedule and independent CHCH Hamilton (ONtv) averaged 8 of the top 10 rated shows outside the period of the Olympics. In Vancouver the combination of CanWest properties, BCTV, Global and CHEK, regularly achieved 10 of the top 10 rated shows, with the Global line-up receiving on average, 6 or 7 of the top ten.

The quarter was disrupted by the Olympic Games, which delayed the launch of the fall prime time schedules and had a negative influence on the overall advertising market or our revenue.

Among the returning series are *The X-Files*, *Friends*, *Frasier*, *The Practice*, *The Simpsons*, and *Malcolm in the Middle*, as well as the top-rated Canadian programs including *Bob and Margaret*, *The Outer Limits* and *PSI Factor*.

In Australia, Network TEN made a major move to replace underperforming and expensive imported programs with popular domestic programs. In New Zealand, TV3 scored a major ratings knockout with the world championship-boxing match between Lennox Lewis and New Zealander David Tua, when 50% of the country's televisions were tuned to the fight.



The TV3 Television Network in Ireland continued to grow its presence. At the beginning of the quarter, TV3 was moved to a more favorable channel position on all the cable systems in Ireland. On September 11, 2000, CanWest announced a major partnership with Granada Media plc. under which the British based media giant will acquire a 45% stake in TV3. In a separate program supply agreement, TV3 obtains Granada's top rated programs including perennial ratings champion *Coronation Street*. The partnership agreement, subject to Irish regulatory approval, will also return to CanWest approximately \$33 million, more than the amount originally invested in the start-up, while maintaining its 45% interest in the network. On January 1, 2001, *Coronation Street* moved from the state broadcaster to TV3 and the audiences moved with it, immediately making TV3 a major force in Irish television.

SPECIALTY TELEVISION

In Canada, Prime TV continues to grow its revenues, improve its schedule and build its audiences and subscribers. The specialty cable network generated increases in revenue of 43% over the same period last year. Prime TV has now solidified its position as the number one rated specialty channel among its target audience of viewers 35+ and older.

CanWest received regulatory approval from the Canadian Radio-television and Telecommunications Commission (CRTC) for 50% of the Canadian business specialty channel ROBTv. At the direction of the Competition Bureau, CanWest's holdings in ROBTv have been placed in trust, pending resolution of the Bureau's concern that CanWest hold the asset in partnership with the *Globe and Mail*, a major competitor of the *National Post*.

RADIO

CanWest New Zealand Radio, which now consists of a combination of the stations in the More FM group and the newly acquired RadioWorks group, controls 44% of the radio advertising market in New Zealand and has a network of stations reaching all parts of the country. In January 2001 CanWest made a NZ\$32.4 million offer to purchase the outstanding shares of RadioWorks not already owned by the Company. A successful bid will clear the way to fully integrate the New Zealand radio operations with substantial potential gains in efficiencies, revenues and earnings.

PRODUCTION AND DISTRIBUTION

CanWest Entertainment maintained its rapid year-over-year growth with the successful launch of new programs and increased library sales attributable in part to the newly acquired Endemol film and television library. Among the successful new shows is *Gene Roddenberry's Andromeda*, which debuted as the number one new syndicated show on U.S. television with a 98% reach. Returning hits such as *Relic Hunter*, *Caitlin's Way* and *100 Deeds for Eddie McDowd* are all in their second season of production.

Fireworks Pictures continued to add to its production slate and distribution library with the completion of production on *Cletis Tout*, starring Tim Allen; *American Rhapsody*, starring Nastassja Kinski; and *Rat Race*, starring Rowan Atkinson, Whoopi Goldberg and John Cleese.

CANWEST INTERACTIVE

CanWest Interactive took a giant step forward during the quarter with the addition of Hollinger Digital online properties. Powerful web portals such as *canada.com*, *faceoff.com*, *carclick.com*, *careerclick.com* and sites associated with the major metropolitan dailies joined the stable of *globaltv.com* sites across Canada. CanWest Internet traffic is now among the leaders in Canada. *canada.com* attracts up to 65 million page views per month. A current priority is to implement a co-ordinated strategy to consolidate production, revenue and marketing synergies among the various Internet properties to create Canada's premier online company.

DIVIDENDS

In September, the Board of Directors declared its regular semi-annual cash dividend of \$0.15 per share on all of the Company's issued and outstanding multiple voting, subordinate voting and non-voting shares. The Company also announced a special stock dividend of 1.24 shares for each 100 multiple voting shares, subordinate voting shares or non-voting shares held. The dividends were paid on September 29, 2000 to shareholders of record on September 15, 2000.



NEW APPOINTMENTS

In New Zealand Brent Impey was named Group Chief Executive for all CanWest operations in New Zealand, and Rick Friesen was appointed Managing Director TV3 / TV4. Sue Masters was named head of drama production for Network TEN in Australia.

Subsequent to the closing of the Hollinger acquisition and the end of the quarter, a number of key senior appointments were announced. Among them, Don Babick, formerly publisher of the *National Post*, as President and COO of Southam Publications, with overall responsibility for all of CanWest's Canadian newspapers. In addition Bob Calvert, formerly publisher of the *Regina Leader-Post*, was named Executive Vice President of Southam Publications with operating responsibility for community papers across Canada.

OUTLOOK FOR 2001

Corporate priorities going forward are to enhance shareholder value by ensuring a rapid, smooth and non-disruptive integration of the acquired publications, Internet assets and New Zealand radio operations, that does not detract from their day-to-day focus on revenue, costs and contribution to earnings. Beyond that there is substantial untapped potential to enhance revenue, reduce costs and increase profits through the adoption of best management practices across the Company and from tapping new marketing and other synergies. To this end the Company launched a dozen transition teams led by senior head office and operations executives to extract added value and enhance revenue from new initiatives such as joint multi-media marketing, sales and promotion, cross-promotion of events and programming to increase audience and readership, cross-purposing of content to amortize costs over multiple platforms and new product development for advertisers.

Other teams will seek cost reductions through the adoption of "best practices" and quality enhancement programs in such areas as information technology, real estate utilization, working capital management, newsprint utilization, back office efficiencies and procurement. Together all these groups will capitalize on the synergies between the operating units to increase revenue and to reduce costs.

Global TV continues to have the top-rated schedule which will be most important in the event of an economic slowdown. Notwithstanding increased audience fragmentation, Global's profits continue to rise and our TV group has secured several new hits such as *Boston Public*, *The District* and *Dark Angel*, while all of our returning series continue to perform well. Heading into January

with a new series of *Survivor*, *The NFL Super Bowl*, and *The Grammys* we are well positioned to maintain our number one position. In addition the schedule at our independent stations ONTV (CHCH) Hamilton and CHEK Victoria has improved ratings and revenue as expected. Our Southam business unit is performing ahead of expectations and we are forecasting continued growth even factoring in a potential increase in newsprint prices, which has been announced but not implemented.

Increased cash flow from operations, together with these revenue enhancements and cost reduction initiatives, as well as the proceeds from the CRTC mandated divestiture of CKVU in Vancouver and CFCF in Montreal provide substantial scope to reduce long term debt, increase profits and provide greater flexibility moving forward.

Respectfully submitted,



Israel Asper, O.C., O.M., Q.C.
Executive Chairman
Winnipeg, Canada



Leonard Asper
President and Chief
Executive Officer

January 22nd, 2001

The following financial statements have been prepared on a combined basis to proportionately consolidate the company's 57.5% economic interest in Network TEN. 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 STATEMENTS OF EARNINGS
(UNAUDITED)**

(in thousands of Canadian dollars except as otherwise noted)

	For the three months ended November 30	
	2000	1999
Revenue	404,290	268,323
Operating expenses	270,950	167,339
Broadcast operating profit before amortization and the undernoted	<u>133,340</u>	<u>100,984</u>
Corporate and development expenses and non-recurring items	5,036	3,456
Operating profit before amortization (EBITDA)	128,304	97,528
Broadcast licenses and goodwill amortization	15,223	4,786
Other amortization	11,111	6,095
Earnings before financing expenses (EBIT)	<u>101,970</u>	<u>86,647</u>
Financing expenses	37,378	11,768
Investment and other income	(9,137)	(1,165)
Earnings before income taxes (EBT)	<u>73,729</u>	<u>76,044</u>
Provision for income taxes	24,816	26,409
Earnings before the following	48,913	49,635
Minority interests	(1,883)	650
Interest in earnings of equity accounted affiliates	1,186	-
Earnings before realized currency translation adjustments	48,216	50,285
Realized currency translation adjustments	(7,200)	(1,300)
Net earnings	<u>41,016</u>	<u>48,985</u>
 Earnings before amortization of broadcast licenses and goodwill	 <u>56,239</u>	 <u>53,771</u>
 Earnings per share ⁽¹⁾:		
Net earnings		
Basic	\$0.26	\$0.32
Fully Diluted	\$0.26	\$0.32
Earnings before amortization of broadcast licenses and goodwill		
Basic	\$0.36	\$0.35
Fully diluted	\$0.36	\$0.34

Note

(1) Earnings per share have been calculated on the basis of the weighted average number of shares outstanding during the three months of 156, 013, 166 (1999-151, 513, 861).

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

(in thousands of Canadian dollars)

	As at	
	November 30 2000	August 31 2000
ASSETS		
Current assets		
Cash and short term investments	93,274	94,981
Accounts receivable	684,841	282,257
Inventory	23,475	-
Investment in film and television program rights	105,988	91,503
Other	<u>18,609</u>	<u>6,285</u>
	926,187	475,026
Other receivables	-	10,310
Other investments	464,673	389,532
Investment in film and television program rights	291,530	251,114
Property and equipment	712,943	208,510
Broadcast licenses, circulation and goodwill	3,917,717	1,681,506
Other assets	<u>173,647</u>	<u>98,063</u>
	<u>6,486,697</u>	<u>3,114,061</u>
LIABILITIES		
Current liabilities		
Bank Loans and advances	22,681	16,255
Accounts payable and accrued liabilities	386,202	279,045
Income taxes payable	44,478	66,181
Film and program accounts payable	104,386	34,109
Deferred revenue	86,588	41,022
Current portion of long term debt	<u>64,000</u>	<u>-</u>
	708,335	436,612
Long term debt	3,889,610	1,196,915
Film and program accounts payable	19,229	22,260
Other accrued liabilities	81,307	74,236
Deferred income taxes	506,389	502,189
Minority interests	<u>24,502</u>	<u>21,722</u>
	<u>5,229,372</u>	<u>2,253,934</u>
SHAREHOLDER'S EQUITY		
Capital stock	843,915	420,260
Contributed surplus	3,647	3,647
Retained earnings	495,925	523,948
Cumulative foreign currency translation adjustments	<u>(86,162)</u>	<u>(87,728)</u>
	<u>1,257,325</u>	<u>860,127</u>
	<u>6,486,697</u>	<u>3,114,061</u>

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

(in thousands of Canadian dollars)

	For the three months ended November 30	
	2000	1999
Retained earnings - beginning of year, as previously reported	529,112	412,833
Adjustment for changes in accounting policies	<u>(5,164)</u>	<u>(20,122)</u>
Retained earnings, beginning of year as restated	523,948	392,711
Net earnings for the period	41,016	48,985
Dividends		
Cash	(22,514)	(22,439)
Stock	<u>(46,525)</u>	<u>-</u>
Retained earnings - end of period	<u>495,925</u>	<u>419,257</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 November 30**

2000 1999

CASH GENERATED (UTILIZED) BY:

OPERATING ACTIVITIES

Net earnings for the period	41,016	48,985
Items not affecting cash		
Amortization	26,781	11,375
PIK interest	3,821	-
Deferred income taxes	(3,762)	(422)
Interest in earnings of equity accounted affiliates	(1,186)	-
Minority interests	1,883	(650)
Gain on sale of other investments	(7,892)	-
Realized translation adjustments	<u>7,200</u>	<u>1,300</u>
	67,861	60,588
Changes in non-cash operating accounts	<u>(109,354)</u>	<u>(86,007)</u>
	<u>(41,493)</u>	<u>(25,419)</u>

INVESTING ACTIVITIES

Investment in Southam	(1,966,000)	-
Other investments	-	(85,827)
Proceeds from sale of other investments	33,214	-
Acquisition and construction of broadcast facilities and licenses	(1,240)	(834)
Purchase of property and equipment	(4,329)	(3,811)
Other	<u>(1,520)</u>	<u>-</u>
	<u>(1,939,875)</u>	<u>(90,472)</u>

FINANCING ACTIVITIES

Dividends paid	(22,514)	(22,439)
Issuance of long term debt	1,994,135	164,639
Issuance of share capital	1,614	2,036
Net change in bank loans and advances	<u>6,426</u>	<u>1,167</u>
	<u>1,979,661</u>	<u>145,403</u>

Net change in cash

(1,707) 29,512

Cash and cash equivalents – beginning of year

94,981 46,000

Cash and cash equivalents – end of period

93,274 75,512

Cash flow from operations per share :

Basic	\$0.43	\$0.40
Fully diluted	\$0.43	\$0.40

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 publication industry in Canada; and the entertainment industry in Canada. Industry and geographic segment information for the combined results follow:

	For the three months ended November 30		For the three months ended November 30	
	2000 Actual	1999 Actual	2000 Proforma (3)	1999 Proforma (3)
REVENUE				
<i>Television</i>				
Canada- Conventional	197,556	129,410	197,556	208,516
Specialty	4,787	3,346	4,787	3,346
Australia – Network TEN (1)	68,314	88,474	68,314	88,474
New Zealand – TV3 and TV4	16,931	22,580	16,931	22,580
Ireland – TV3	10,750	7,789	10,750	7,789
	<u>298,338</u>	<u>251,599</u>	<u>298,338</u>	<u>330,705</u>
<i>Radio</i>				
New Zealand – More FM	5,248	5,696	5,248	5,696
New Zealand – RadioWorks	9,363	-	9,363	-
	<u>14,611</u>	<u>5,696</u>	<u>14,611</u>	<u>5,696</u>
Total Broadcasting	<u>312,949</u>	<u>257,295</u>	<u>312,949</u>	<u>336,401</u>
<i>Entertainment</i>				
Canada – CanWest Entertainment	34,239	11,028	34,239	11,028
<i>Publications</i>				
Canada (2)	58,351	-	328,068	318,159
	<u>405,539</u>	<u>268,323</u>	<u>675,256</u>	<u>665,588</u>
<i>On-line Operations</i>				
Canada – Global	142	-	142	-
Canada – Publishing (2)	385	-	2,189	454
	<u>527</u>	<u>-</u>	<u>2,331</u>	<u>454</u>
Intersegment Revenues	(1,776)	-	(1,776)	-
TOTAL REVENUE	<u>404,290</u>	<u>268,323</u>	<u>675,811</u>	<u>666,042</u>

	For the three months ended November 30		For the three months ended November 30	
	2000 Actual	1999 Actual	2000 Proforma (3)	1999 Proforma (3)
OPERATING PROFIT				
Television				
Canada- Conventional	78,435	58,839	78,435	86,535
- Specialty	2,218	892	2,218	892
Australia – Network TEN (1)	25,980	36,583	25,980	36,583
New Zealand – TV3 and TV4	345	4,773	345	4,773
Ireland – TV3	1,422	(2,187)	1,422	(2,187)
	<u>108,400</u>	<u>98,900</u>	<u>108,400</u>	<u>126,596</u>
Radio				
New Zealand – More FM	1,368	1,462	1,368	1,462
New Zealand – RadioWorks	2,579	-	2,579	-
	<u>3,947</u>	<u>1,462</u>	<u>3,947</u>	<u>1,462</u>
Total Broadcasting Operations	<u>112,347</u>	<u>100,362</u>	<u>112,347</u>	<u>128,058</u>
Entertainment				
Canada – CanWest Entertainment	2,210	622	2,210	622
Publications				
Canada (2)	22,142	-	109,398	98,253
	<u>136,699</u>	<u>100,984</u>	<u>223,955</u>	<u>226,933</u>
On-line Operations				
Canada –Global	(1,344)	-	(1,344)	-
Canada – Publishing (2)	(748)	-	(3,275)	(2,907)
Australia – VTO	(1,267)	-	(1,267)	-
	<u>(3,359)</u>	<u>-</u>	<u>(5,886)</u>	<u>(2,907)</u>
SEGMENT OPERATING PROFIT	<u>133,340</u>	<u>100,984</u>	<u>218,069</u>	<u>224,026</u>
Corporate and development expenses	3,576	3,456	3,576	3,456
Non-recurring costs	1,460	-	1,460	-
	<u>5,036</u>	<u>3,456</u>	<u>5,036</u>	<u>3,456</u>
OPERATING PROFIT (EBITDA)	<u>128,304</u>	<u>97,528</u>	<u>213,033</u>	<u>220,570</u>

Note

- (1) Combined results include the company's 57.5% economic interest in Network TEN.
- (2) Actual results include the results of operations of the Southam Publications from November 16, the closing date of the acquisition.
- (3) Proforma results include the actual results plus results from WIC for the quarter ended November 30, 1999 and the results from Southam Publications for quarters ended November 30, 1999 and 2000.

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

(In thousands of Canadian dollars except as otherwise noted)

	For the three months ended November 30	
	2000	1999
Revenue	335,976	179,849
Operating expenses	<u>227,349</u>	<u>115,449</u>
Operating profit before undernoted	108,627	64,400
Corporate and development expenses	3,576	3,456
Non-recurring costs	<u>1,460</u>	<u>-</u>
Operating profit before amortization	103,591	60,944
Amortization of broadcast licenses and goodwill	14,268	3,676
Amortization of capital assets	7,582	4,103
Other amortization	<u>2,896</u>	<u>1,265</u>
	78,845	51,900
Financing expenses	(37,378)	(11,996)
Investment income	7,892	20
Dividend income	<u>1,245</u>	<u>1,145</u>
	50,604	41,069
Provision for income taxes	<u>18,881</u>	<u>17,047</u>
Earnings before the following	31,723	24,022
Minority interests	(1,883)	650
Interest in earnings of Network TEN	17,190	25,613
Interest in earnings of equity accounted affiliates	1,186	-
Realized translation adjustments	<u>(7,200)</u>	<u>(1,300)</u>
Net earnings for the period	<u>41,016</u>	<u>48,985</u>
Earnings before amortization of broadcast licenses and goodwill	<u>56,239</u>	<u>53,771</u>
Earnings per share:		
Net earnings		
Basic	\$0.26	\$0.32
Fully diluted	\$0.26	\$0.32
Earnings before amortization of broadcast licenses and goodwill		
Basic	\$0.36	\$0.35
Fully diluted	\$0.36	\$0.34

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	
	November 30	August 31
	2000	2000
ASSETS		
Current Assets		
Cash and short term investments	90,989	76,298
Due from Network TEN	70,893	-
Accounts receivable	635,156	237,845
Inventory	23,475	-
Investment in film and television program rights	71,476	57,390
Other	16,787	4,508
	<u>908,776</u>	<u>376,041</u>
Other receivables	-	10,310
Investment in Network TEN	72,032	133,947
Other investments	435,814	360,755
Investment in film and television programs rights	291,530	251,114
Property and equipment	688,872	185,224
Broadcast licenses, circulation and goodwill	3,799,428	1,556,312
Other assets	158,075	90,974
	<u>6,354,527</u>	<u>2,964,677</u>
LIABILITIES		
Current Liabilities		
Bank loans and advances	22,681	16,255
Accounts payable and accrued liabilities	311,269	195,302
Income taxes payable	31,652	42,759
Film and program accounts payable	81,832	18,030
Deferred revenue	86,588	41,022
Current portion of long term debt	64,000	-
	<u>598,022</u>	<u>313,368</u>
Long term debt	3,882,630	1,172,532
Film and program accounts payable	19,229	22,260
Deferred income taxes	498,439	500,432
Other accrued liabilities	74,380	74,236
Minority interests	24,502	21,722
	<u>5,097,202</u>	<u>2,104,550</u>
SHAREHOLDERS' EQUITY		
Capital stock	843,915	420,260
Contributed surplus	3,647	3,647
Retained earnings	495,925	523,948
Cumulative foreign currency translation adjustments	(86,162)	(87,728)
	<u>1,257,325</u>	<u>860,127</u>
	<u>6,354,527</u>	<u>2,964,677</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 November 30	
	2000	1999
Retained earnings -		
beginning of year, as previously reported	529,112	412,833
Adjustment for changes in accounting policies	<u>(5,164)</u>	<u>(20,122)</u>
Retained earnings - beginning of year, as restated	523,948	392,711
Net earnings for the period	41,016	48,985
Dividends		
Cash	(22,514)	(22,439)
Stock	<u>(46,525)</u>	<u>-</u>
Retained earnings - end of period	<u><u>495,925</u></u>	<u><u>419,257</u></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)

	For the three months ended November 30	
	2000	1999
CASH GENERATED (UTILIZED) BY:		
OPERATING ACTIVITIES		
Net earnings for the period	41,016	48,985
Items not affecting cash		
Amortization	25,193	9,539
PIK interest	3,821	-
Deferred income taxes	(3,762)	(424)
Interest in earnings of Network TEN	(17,190)	(25,613)
Interest in earnings of equity accounted affiliates	(1,186)	-
Minority interests	1,883	(650)
Realized translation adjustments	7,200	1,300
Gain on sale of other investments	(7,892)	-
	<u>49,083</u>	<u>33,137</u>
Changes in non-cash operating accounts	(88,994)	(86,437)
	<u>(39,911)</u>	<u>(53,300)</u>
INVESTING ACTIVITIES		
Investment in Southam	(1,966,000)	-
Other investments	-	(85,499)
Proceeds from sale of other investments	33,214	-
Purchase of broadcast facilities and licenses	(1,240)	(834)
Purchase of property and equipment	(1,805)	-
Other	1,335	-
	<u>(1,934,496)</u>	<u>(86,333)</u>
FINANCING ACTIVITIES		
Dividends paid	(22,514)	(22,439)
Issuance of long term debt	2,003,572	164,639
Issuance of share capital	1,614	2,036
Net change in bank loans and advances	6,426	1,167
	<u>1,989,098</u>	<u>145,403</u>
Net change in cash	14,691	5,770
Cash and cash equivalents – beginning of year	<u>76,298</u>	<u>34,148</u>
Cash and cash equivalents – end of period	<u><u>90,989</u></u>	<u><u>39,918</u></u>
Cash flow from operations per share:		
Basic	\$0.31	\$0.22
Fully diluted	\$0.31	\$0.22

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

CANWEST GLOBAL COMMUNICATIONS CORP. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE 3 MONTHS ENDED NOVEMBER 30, 2000 AND 1999 (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 \$461.2 million, decrease other assets by \$1.7 million, and increase deferred income tax liabilities by \$456.7 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

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 (the "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 \$660 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 10.35%.

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 a 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:

	Period ended				
	Nov. 2000	Year ended August 31, 2000			
	\$000	\$000			
	Southam (1)	Endemol	RadioWorks	WIC (1)	Total
Working capital	187,000	15,971	(1,358)	(65,317)	(50,704)
Investments	103,000	-	-	79,604	79,604
Film and program rights	-	93,463	-	35,732	129,195
Property, plant and equipment	507,000	32	9,119	82,184	91,335
Other assets	65,000	215	-	25,299	25,514
Broadcast licenses, circulation and goodwill	<u>2,247,000</u>	<u>-</u>	<u>54,593</u>	<u>787,990</u>	<u>842,583</u>
Total assets	<u>3,109,000</u>	<u>109,681</u>	<u>62,354</u>	<u>945,492</u>	<u>1,117,527</u>
Long term liabilities	-	-	(6,379)	(84,626)	(91,005)
Minority interest	<u>-</u>	<u>-</u>	<u>(3,883)</u>	<u>-</u>	<u>(3,883)</u>
Total liabilities	<u>-</u>	<u>109,681</u>	<u>(10,262)</u>	<u>(84,626)</u>	<u>(94,888)</u>
	<u>3,109,000</u>	<u>109,681</u>	<u>52,092</u>	<u>860,866</u>	<u>1,022,639</u>
Consideration:					
Cash	1,966,000	109,681	52,092	465,727	627,500
Shares	376,000	-	-	-	-
Note payable	767,000	-	-	-	-
Carrying value of WIC investment at date of acquisition	<u>-</u>	<u>-</u>	<u>-</u>	<u>395,139</u>	<u>395,139</u>
	<u>3,109,000</u>	<u>109,681</u>	<u>52,092</u>	<u>860,866</u>	<u>1,022,639</u>

(1) 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. EARNINGS PER SHARE

Earnings per share and cash flow from operations have been calculated on the basis of the weighted average number of shares outstanding during the three months of 156,013, 166 (199 - 151, 513, 861).

4. 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 November 30	
	2000	1999
Net Earnings as reported	41,016	48,985
Adjustment to expenses for pre-operating costs	645	1,188
Adjustment to eliminate the loss arising from the realization of cumulative translation adjustments	<u>7,200</u>	<u>1,300</u>
Net Earnings in accordance with U.S. GAAP	<u>48,861</u>	<u>51,473</u>
Net earnings per share:		
Basic	\$0.31	\$0.34
Fully diluted	\$0.31	\$0.34



**CanWest Global
Communications Corp.**

**31ST FLOOR, TD CENTRE
201 PORTAGE AVENUE
WINNIPEG, MB R3B 3L7**

TEL. (204) 956-2025

FAX. (204) 947-9841

www.canwestglobal.com